Daily Report

Latin America

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FBIS-LAT-96-010 *16 January 1996*

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Cuba

Government Issues Warning on Airspace Violations

PA1501193196 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Jan 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The Cuban Government today warned violators of Cuban airspace that our country has the necessary means to guarantee the integrity of its national territory. This warning is contained in a report to the population in the wake of violations of Cuban airspace on 9 and 13 January by small planes coming from the United States that dropped subversive leaflets in certain places of the City of Havana Province and Havana Province.

The head of the faction that claimed responsibility for the incidents told a television station from the Opa-Loka Airport in Florida of the steps taken during the 13 January incursion and reaffirmed that they will continue their campaign on the island.

The note added that these elements are among groups of Cuban origin stationed in United States that reject any type of peaceful relationship with Cuba. It noted that this position has been exacerbated to the same extent that their isolation increases while Cuba starts it economic recovery and makes new progress in its international relations.

As for the most recent developments, the note reaffirmed that the revolution has never lost its patience as was demonstrated again in the face of irresponsible and dangerous actions carried out last summer in Cuban water and airspace by groups headquartered in the United States.

The note pointed out that this long-suffering patience must not be underestimated and it warned violators that Cuba has the necessary means to guarantee the integrity of its national territory and to interrupt unauthorized flights through its airspace. The note added that violators must also be willing to face the consequences.

Chile Signs Agreement on Cooperation, Investment Protection

PA1101204896 Havana Radio Havana Cuba in Spanish 1300 GMT 11 Jan 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuba and Chile have signed a basic agreement on cooperation and an additional one on promotion and protection of mutual investments in Havana.

It was announced that an intergovernmental commission will hold talks in June or July to discuss concrete projects on the subjects of commerce, science and technology.

In this way, Chilean Foreign Minister Jose Miguel Insulza ended his visit to Cuba. He met with Cuban high-ranking officials, including President Fidel Castro.

Insulza — who headed a large delegation of Cabinet members, congressmen, and 30 businessmen — told the media that all objectives of his visit were fulfilled and both countries were interested in the complete normalization of relations.

President Attends Francois Mitterrand's Funeral

PA1101143596 Havana PRENSA LATINA in Spanish 0607 GMT 11 Jan 96

[FBIS Translated Text] Paris, 11 Jan (PL) — President Fidel Castro Ruz arrived in Paris today to attend the funeral of former French President Francois Mitterrand.

Ricardo Alarcon De Quesada, president of the National Assembly of the People's Government (Parliament), along with Jose Miyar and Felipe Perez Roque, members of the State Council, as well as Cuban Ambassador to France Raul Roa Kouri comprised the Cuban delegation attending the funeral of the renowned French politician.

Numerous chiefs of state and government officials, among other outstanding prominent political leaders from all over the world, today bid their last farewell to Mitterrand at the official ceremony being held in Notre Dame Cathedral in the morning.

Later, in a day of national mourning declared by President Jacques Chirac, the former president will be buried in his native town of Jarnac, in southwestern France.

Haiti

Government Reacts to Statements by FBI Official

PA0901044596 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Jan 96

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The Haitian Government has reacted to statements by FBI official Bill Perry linking individuals of the Haitian Government to the assassination of attorney Mireille Durocher Bertin.

The head of Haitian diplomacy, Fritz Longchamp, has said Perry's statements are completely unfounded. According to the Haitian diplomat, the FBI official wants to take advantage of the Haitian crisis to organize a press

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campaign in his own favor within the scope of the upcoming U.S. presidential election. Fritz Longchamp categorically rejects the accusations of Bill Perry, the FBI official who has implied Haitian authorities are linked to the assassination of Mireille Durocher Bertin. [passage omitted]

Government, UNMIH To Discuss Troop Withdrawal, Security

PA0601160996 Port-au-Prince Signal FM Radio in Creole 1230 GMT 5 Jan 96

[From the "Waking Up" newscast]

[FBIS Translated Text] An important meeting is scheduled to take place today at the National Palace between officials of the UN Mission in Haiti [UNMIH] and representatives of the Haitian Government. This meeting will discuss the departure of the UNMIH troops, which will leave Haiti in the next few days.

This meeting will also be held in order to determine how the transfer of power will be done on 7 February and the question of security that must reign in the country after the departure of the UNMIH troops, according to a source in the National Palace.

President-Elect Preval Urges UNMIH To Extend Stay

PA0601190396 Madrid EFE in Spanish 1649 GMT 6 Jan 96

[FBIS Translated Text] Port-au-Prince, 6 Jan (EFE) — President-Elect Rene Garcia Preval has expressed his desire to postpone the withdrawal of the UN Mission for Haiti (UNMIH), which is scheduled for the end of February, and for UNMIH's permanence to be prolonged for six more months, beginning 29 February.

Jean-Baptiste Chavannes, leader of the team responsible for Preval's transition, disclosed the president-elect's decision after meeting with UNMIH representatives in Haiti.

UNMIH members still in Haiti are scheduled to leave at the end of February, at which time the new Haitian police will be the only force responsible for law and order in the Caribbean country.

The extension of UNMIH's mandate must be debated by the UN Security Council, which decided to authorize the group in a resolution approved in 1994.

The United Nations has conditioned the extension of the UNMIH mandate to a special request by Haitian authorities to that end.

That possibility has been mentioned by UN Secretary General Butrus-Ghali and a number of U.S. officials.

The current Haitian Administration has not spoken in favor of extending the UNMIH's stay in Haiti past February.

New President Rene Garcia Preval's presidential inauguration will be held on 7 February. He will rule for a period of five years.

Political observers have expressed concern regarding the ability of the young Haitian police force to assume reponsibilty for maintaining law and order throughout the country.

In Haiti, many people fear that groups linked to the army, which is being substituted for the police, could disrupt the country's democratic process and once again foster instability in Haiti.

President-Elect Requests Extension of UNMIH Mandate

PA0901045696 Port-au-Prince Signal FM Radio in French 1130 GMT 8 Jan 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] [Unidentified announcer] Keeping the 1,500 blue helmets in the country after the departure of the UN Mission in Haiti [UNMIH] troops at the end of their mandate will be.... [pauses] is being closely examined by UN officials.

President-Elect Rene Preval has made a formal request to extend the UNMIH mandate by six additional months. Rene Preval has suggested keeping the 1,500 blue helmets in the country after the departure of the UNMIH troops whose mandate will expire on 29 February. The UN Security Council should reach a decision on Haiti's request within the next few days, according to official sources.

The UN secretary general's representative in Haiti, Lakhdar Brahimi, last week noted the international community's worries about the National Police's capability to [word indistinct] a climate of peace in the country after the departure of the UN Mission in Haiti. Brahimi mentioned ongoing negotiations with a view to extending the UN presence in Haiti. The UN secretary general's representative has disclosed that the Haitian authorities have not yet made a request in this regard, but several tripartite meetings during which the extension of the UNMIH's mandate was broached took place at the National Palace.

The latest tripartite meeting was held on 5 January between the representatives of Haiti's friendly countries, UNMIH officials, and the Port-au-Prince authorities.

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President-Elect: Police Force Must Remove 'Bad Apples'

PA1301223196 Port-au-Prince Signal FM Radio in Creole 1230 GMT 12 Jan 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] President-Elect Rene Preval has commented on events near Estere bridge and the national police force's latest infraction. Preval believes the national police force must revise its method of operations:

[Begin Preval recording] The police force is subordinate to the Justice Department. It is as weak as a baby. It cannot do its job properly [words indistinct] these days we have found that the police force has been committing numerous infractions. This must change. I have heard that policemen are brandishing weapons everywhere. This must stop. We must remove the bad apples. [end recording]

Policemen on the national force and armed bandits opened fire on one another near Haiti State University Hospital on the night of 10 January. Although it is difficult to pinpoint the exact number of victims, residents in the area have confirmed that many of the armed bandits and policemen died.

Werleigh Confirms FRAPH Leader To Return

PA0601130996 Port-au-Prince Signal FM Radio in Creole 1230 GMT 5 Jan 96

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] Haitian Prime Minister Mrs. Claudette Werleigh confirmed yesterday that Emmanuel Constant — leader of the Revolutionary Front for the Promotion and Progress of Haiti, FRAPH — will enter Haiti. Furthermore, the head of government explained that the rights of the FRAPH official will be respected as soon as he gets to Haiti.

Asked about the safety measures that will be adopted to ensure Emmanuel Constant's safety upon his return to the country, Mrs. Werleigh said that everything has been set up in order to ensure the safety of the FRAPH leader who will come to Haiti to answer the accusations made against him by several people as somebody allegedly involved in acts of brigandage and assassinations in Haiti. Let us listen to the explanations of Haitian Prime Minister Mrs. Claudette Werleigh:

[Begin Werleigh recording, in progress] ...Emmanuel Constant to return to the country. But do not forget that he is somebody already wanted by the justice department. This means the justice department will be there to receive him. Then, well, when he is imprisoned, this means that.... [pauses] Well, he will be a prisoner, but his rights as a person must be respected. So, on that score, there is no problem. But we must also be careful not to fall into contrary excess. This means the rights Constant has as a person are the same as those of anyone else. This means the government is duty bound to ensure his safety. [passage omitted] [end recording]

Aristide Calls on People To Participate in Political Life

PA0901033296 Madrid EFE in Spanish 2356 GMT 8 Jan 96

[Report by Herold Jean Francois]

[FBIS Translated Text] Port-au-Prince, 8 Jan (EFE) -- President Jean- Bertrand Aristide said once again today that "democracy in Haiti is irreversible" and called on the Haitian people to participate in the country's political life.

Aristide made these remarks when he participated in the Parliament's opening ceremony with Prime Minister Claudette Werleigh and government ministers. "Participation is the cornerstone in Haiti, where no true change will take place without the participation of everyone," said Aristide, who will hand over his office to President-Elect Rene Preval in February.

"In the presence of the country's difficulties, the reality of a bankrupt nation, and collapse, I hereby make an appeal for a general effort to set an example and demonstrate the Haitian people's power to unite and build their economy," he added.

He also said that the people cannot "go to sleep without keeping an eye on their officials." He favored putting "little distance" between the elected officials and the voters, and asserted that democracy "is the best system to improve life."

"Despite problems of all kinds and without hope for better living conditions, the people voted," he also said. "Democracy is like a car that climbs a mountain and cannot go back. Democracy is irreversible in Haiti."

Although he admitted that the international community "will give no gifts to Haiti" and invited the people to "not wait for others," he is confident that foreign capital will arrive, capital that is essential to start the construction of Haiti's economy, the poorest country in the continent.

"It is an illusion to think and believe that foreigners will come to build our country. We will have to build it ourselves. We must not expect other countries to solve our problems," he said.

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Aristide also referred to the pending departure of UN forces from the country. He told the Haitian people that the situation poses the challenge of demonstrating "whether or not we all are willing to do our citizens' work."

"If we walk together and trust in ourselves, we should not fear the future," Aristide said on finishing his speech.

In addition, Senate President Edgard Leblanc invited the three government branches to "shake hands and join forces to transform the dictatorship's structures into democratic and modern structures."

He promised that, "in a short time," the Parliament will start the process to disband the Army.

Lavalas Deputy Shot in Head in Attack

PA0901144696 Port-au-Prince Radio Metropole in French 1230 GMT 9 Jan 96

[FBIS Translated Text] There was an attack last night on a deputy from the 46th legislature. He is an elected representative from the south, from Port-a-Piment. Garry [first name as heard] Marsan was hit by at least two bullets in the face. He is now being looked after at Canape-Vert Hospital.

The attack was perpetrated in Bicentenaire — not far from the Haitian Parliament — a few hours after the opening of the regular session of the 46th legislature closed.

[Port-au-Prince Radio Galaxie in French at 1230 GMT on 9 January adds that "Harry Marson, deputy of Port-a-Piment elected under the Lavalas banner, was struck in the head by a bullet on his way home."]

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Government Concerned Over U.S. Immigration Measure

PA1301045096 Mexico City XEW Television Network in Spanish 0400 GMT 13 Jan 96

[Report by Jacobo Zabludovsky, from the "24 Hours" newscast]

[FBIS Translated Text] A delicate diplomatic incident is brewing between Mexico and Washington.

The United States is mobilizing 500 more police agents, supported by U.S Army soldiers, to control the illegal immigration taking place at the border with Mexico.

Attorney General Janet Reno cautions that the southern border of the United States is more difficult to cross now than at any other time in this country's history.

Juan Rebolledo, assistant foreign secretary for bilateral affairs, warns that the Mexican Government is opposed to any military or police measures to resolve the illegal immigration issue.

With respect to this issue, and in a bulletin labeled as double urgent and using an extremely strong tone, tonight the Foreign Relations Secretariat says that the U.S. announcement contradicts the spirit of good-neighborliness and understanding that should characterize relations between the two nations.

According to the Foreign Relations Secretariat "Mexico expresses its deep concern about the possible incursion of military personnel in the migration operations. Our country reiterates that these responses do not solve the complex immigration phenomenon but instead contribute to clouding relations between the bordering communities."

Foreign Secretariat Issues Communique on U.S. Measure

PA1301051396 Mexico City XEW Television Network in Spanish 0400 GMT 13 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] With respect to the announcement by the U.S. Justice Department on the migration controls to be implemented at the border with Mexico, the Foreign Relations Secretariat, in a communique labeled double urgent, states the following:

Although Mexico acknowledges the sovereign right of every country to legislate and apply its laws accordingly, the measures contemplated in the said announcement contradict the spirit of good-neighborliness and understanding that must characterize our relations.

In particular, Mexico expresses its deepest concern for the possible inclusion of military personnel in the migration operations.

Our country reiterates that this response does not resolve the complex migration situation but instead seeks to tarnish relations between bordering communities.

In accordance to its foreign policy principles, Mexico issues an appeal so that the commitment to ensure full respect for the dignity and rights of all Mexican migrants will be observed during the course of these operations.

The U.S. ambassador to Mexico has been advised of the previously mentioned observations so that these in turn will be transmitted to his government.

Diplomatic Note Sent to U.S. on 'Militarization' of Border

PA1501024996 Mexico City NOTIMEX in Spanish 0019 GMT 15 Jan 96

[By Fernando Sanchez]

[FBIS Translated Text] Guatemala City, 14 Jan (NOTIMEX) — Mexican Foreign Secretary Jose Angel Gurria announced here today that Mexico had sent a diplomatic note to the United States requesting an explanation on the possible militarization of the border to control the crossing of illegal aliens.

The Mexican foreign secretary said the Foreign Relations Secretariat had summoned U.S. Ambassador in Mexico James Jones in order to obtain a friendly explanation about the measure.

The foreign secretary said the United States' first response was that there is no intention of militarizing the border; nevertheless, Gurria Trevino said Mexico is concerned about the presence of military troops along the border between both countries.

Foreign Secretary Gurria Trevino was interviewed here during the swearing in ceremony of Alvaro Arzu as new Guatemalan president.

The Mexican official said Mexico is respectful of any decision adopted by any country to carry out the law, as in the case of the immigrants. He added, however, there must be communication in order to avert actions that can strain or make relations between Mexico and the United States more complex.

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Legislators Condemn U.S. Closing of Border to Truckers

PA1101144396 Mexico City XEW Television Network in Spanish 0400 GMT 11 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] The Standing Congressional Committee today condemned the U.S. Government stance against allowing Mexican cargo trucks into that country — a flagrant violation of the North American Free Trade Agreement. Based on an initiative by legislators of the PRI [Institutional Revolutionary Party], PRD [Party of the Democratic Revolution], and PAN [National Action Party], legislators demanded that the government face the United States with reason and with the law. PRI Senator Guadalupe Gomez Maganda asked the Mexican Government to warn the U.S. Government that it is politicizing NAFTA.

[Begin Gomez recording in progress] ... the negative consequences that politicizing commercial issues may have for the NAFTA image, the adoption of unilateral administrative measures, and the failure to comply with commercial agreements. [end recording]

The PRD's Pedro Rene Etienne said this:

[Begin Etienne recording] Today, more than ever, we must overcome the weakness we had during the negotiations of the treaty. In particular, conditions must be established guaranteeing the survival and development of the Mexican industry in this field. [end recording]

PAN Senator Benigno Aladro said that the losses to Mexican truckers by the closing of U.S. border totals 25 billion pesos. The situation is hurting over 3.6 million Mexicans.

[Begin Aladro recording] For that reason, we think it may be necessary to begin to apply the principle of reciprocity on our northern neighbor and close our border until this sector of our economy has recovered. [end recording]

The legislators forwarded to committees a PRD proposal for them to summon the secretaries of commerce and industrial development and transportation and roadways to explain what measures they are implementing to defend Mexican interests in the area of transportation.

Truckers Request Borders Be Closed to Cargo From North

PA1101041696 Mexico City XEW Television Network in Spanish 0400 GMT 10 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] In Mexico, voices of censure continue against the U.S. Government's decision to restrict the entry of Mexican cargo trucks to that country.

Noting that the United States has violated the accords reached in the free trade agreement, Mexican cargo truckers have requested that the Mexican borders also be closed to cargo coming from the north. Leon A. Flores, vice president of the National Chamber of Land Transportation of Cargo, has said U.S. authorities have given absurd explanations to block the entry of Mexican truckers to the U.S. market. Thus, he added, we have requested that they be given the same treatment:

[Begin Flores recording] They absurdly claim that we are going to cause big problems and tragedies on U.S. roads, that we, Mexican truckers, are not prepared to carry out international transportation because our trucks are obsolete and our drivers and operators untrained. Those are the statements we consider absurd and totally unjustified. [end recording]

The first phase of the agreements has not been complied with, but we have not obtained a reply on the issue from the authorities of the Communications and Transport Secretariat or on the request to ban the entry of trucks from the United States to Mexico. Flores has said they will continue their efforts to get the measure adopted as soon as possible, because the U.S. measure will inflict tremendous losses to the Mexican transportation sector.

Fifty Percent of Bonds in German Marks Sold in Europe

PA1001042396 Mexico City NOTIMEX in Spanish 1138 GMT 9 Jan 96

[By Olga Borobio]

[FBIS Translated Text] Bonn, 9 Jan (NOTIMEX) — The Deutsche Morgan Grenfell Bank announced in Frankfurt today that 50 percent of the bonds in German marks placed by Mexico in Europe have been sold.

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Jonathan Segal, chief of the Capital Markets for Latin American Debt Issuance Section, said the bank expects "95 percent of the Mexican issuance will be sold by 29 January, the deadline for the sale of this issuance."

The Mexican Government placed 1 billion marks worth of bonds (approximately $700 million) in Europe yesterday.

The bank that coordinated the placement was the Deutsche Morgan Grenfell, a Deutsche Bank branch in charge of investments.

The Deutsche Bank is the largest bank in Germany and Europe the Credit Suisse First Boston also participated in the operation. [sentence as received]

Segal said the outlook for the sale of the issuance is very good. He said the institution he represents is satisfied, because the Mexican bonds "created great interest."

He said: The fact Mexico has managed to place bonds with a seven-year term reflects the investors' confidence in the country's recovery. "The reaction to this issuance is a good sign following the problems that emerged in Mexico last year," he said.

Segal said that if this had not happened, it would have been impossible to convince banks of this level to launch the issuance to European markets.

The chief of the Capital Markets for Latin American Debt Issuance Section said the placement of the Mexican debt bonds in the market was prepared and negotiated in November and December.

The placement of these securities is prepared in advance so as to gauge the markets' interest and guarantee their sale. These securities are usually sold by the time they are presented to the investors.

Segal attributed the markets' reaction to the characteristics of this issuance. It offers an interest of 10.375 percent, 5 points more than federal bonds in Germany.

Many small investors were attracted by the new placement of Mexican debt bonds. Most of the buyers to date have been private investors.

He said these investors are usually interested in bonds that offer high interest, and they are willing to assume higher risks.

Jonathan Segal said the issuance was placed on 8 January in Germany, Switzerland, Belgium, the Netherlands, and Luxembourg. Small German credit organizations and insurance companies also participated in the placement.

The Deutsche Morgan Grenfell Bank official said 75 percent of the issuance was placed in Germany and the remaining 25 percent was placed in Switzerland and the three Benelux (economic union comprised by Belgium, the Netherlands, and Luxembourg in 1944) countries.

Segal said this issuance is the third Latin American one with a seven-year deadline to be placed in the market. The two previous ones were from Argentina, one in October last year and one earlier this month.

Mexico placed its first issuance of debt bonds in German marks last October. It involved a total of 1 billion marks, and the operation was coordinated with the Dresdner Bank, the second most important bank in Germany.

Circulating Money Increases; CETES Value Decreases

PA0401232496 Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 3 Jan 96 p 3A

[Report by Victor Felipe Piz]

[FBIS Translated Text] The demand for money at the end of 1995 surpassed the Bank of Mexico's [Banxico] projections. Because of the economic crisis, Banxico had underestimated expenditures by families and businesses. In this context, the volume of cash increased by 37.8 percent during the months of November and December.

In fact, after a restrictive monetary policy was enforced for at least nine months, paper money and coins in circulation increased by 9.888 billion pesos (17.4 percent) throughout 1995 according to a study carried out by the Economic Analysis section of EL FINANCIERO.

From the above, the limit established in the annual program for the supply of primary money so that it should not increase more than 10 billion pesos was barely complied with. It should be noted that the cash flow is the main foundation for the monetary basis.

According to official information, as of last Friday the liquid assets in the hands of the public and in the banks amounted to 66.808 billion pesos. This amount is a result of the holiday season and not of a larger production or an improvement in wages.

In 1995, Banxico established a ceiling for the generation of money in order to decrease the volatility of the peso regarding the dollar, to reduce unnecessary expenditures in the economy, and to justify inflation as the result of devaluation and adjustments in prices and public fees, but not as the result of issuing more currency.

In addition, as a consequence of the restrictive monetary policy, interest rates rose, the economy weakened, and the purchasing power of wages collapsed. Therefore, the amount of paper money and coins in circulation

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decreased by 12.787 billion pesos (22.5 percent) during the first half of 1995.

Since then and until the month of October, the money supply floated within a range of 4.347 billion pesos. However, since November 1995 the liquid assets greatly increased, up to 20.941 billion in late December.

According to the authorities, there is some clearly defined behavior that contradicts the arguments that an austerity strategy is in effect, because the monetary basis dropped during the first months of the year.

According to Banxico, it would be wrong to argue that this monetary policy has been weakened since November, when the money supply was adjusted to an increasing demand for cash. Thus, Banxico has stated that it is seeking a balance in the money market.

CETES [Treasury Certificates] Payable in 28 Days Drop to 44.7 Percent

Furthermore, the yields of short-term CETES began this year with significant reductions: all of the CETES issued were quoted at below 45 percent, which is the lowest rate in the past two months.

At the auction of the primary money market, CETES payable in 28 days lost 2.11 points when they reached a 44.7-percent premium.

CETES payable in 90 days decreased by 1.92 percentage points and their annual interest rate became 44.47 percent.

CETES payable in 182 days decreased by 1.87 points and, beginning this Thursday, they will yield a direct premium of 43.13 percent.

Finally, CETES payable in 364 days, which were again offered after 2 1/2 months, were modified by 1.47 points, and their nominal return was set at 41.90 percent.

A factor for this drop in the main national rates was the constant demand for securities, which amounted to 12.965 billion pesos. This figure is four times the amount that Banxico had estimated and quoted: 3.2 billion.

As is customary, the public preferred CETES payable in 90 days, which amounted to approximately 35 percent of requests.

Various brokers told EL FINANCIERO that the (secondary) money market already had a downward trend, which the authorities confirmed yesterday by restoring liquidity at the auction in the open market at 45.12 percent.

According to experts, the results of this auction at the primary money market reveal that after the inflationary jump in December, prices should decrease because "the intermediaries are betting on positive effective rates of interest."

Finally, in view of their acceptance, 500 million pesos were allocated in Federal Government Development Bonds payable in 727 days, whose surcharge decreased to 1.5587 percent.

1996 Auction Allocated Yields Treasury Certificates

Term in Days	Minimum	Maximum	Weighted Average
28	43.75	44.89	44.70
90	44.20	44.73	44.47
182	42.89	43.40	43.13
364	41.84	41.90	41.90

Federal Government Development Bonds

Term in Days	Minimum Price	Maximum Price	Weighted Average
727	97.70843 pesos	98.20092 pesos	97.97415 pesos

Source: Prepared from information provided by Banxico and published through the Mexican Securities Exchange.

Report Outlines Budgets for Armed Forces

PA0501183296 Mexico City PROCESO in Spanish 1 Jan 96 p 7

[FBIS Translated Text] The Armed Forces—the Army, Navy, and Air Force—are reinforcing their equipment and positions in these times of crisis to guarantee national security and to fight drug trafficking and terrorism, they claim.

Therefore, the direct expenses of the National Defense Secretariat (Army and Air Force) during 1995 totaled 7.685 billion new pesos, and the Navy Secretariat (Navy) expenses totaled 2.657 billion new pesos.

According to the decentralized public administration budget, the National Defense Secretariat (Sedena) will have programmed expenses totaling 11.122 billion pesos in 1996, and the Navy Secretariat (SM) will have 3.849 billion pesos, a variation of 44.7 percent and 44.8 percent, respectively.

The Armed Forces have second place in the nation's budget following the Public Education Secretariat, 11.639 billion new pesos in 1995 and 15.657 billion pesos for 1996, not including the Presidency of the republic and the Regional Development sector.

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To give an idea of the abundant Sedena and SM resources, all we have to do is point out the direct (1995) and programmed (1996) expenses for the Agriculture, Livestock, and Rural Development Secretariat (1.44-3.48 billion pesos); Labor and Social Welfare Secretariat (579.2-940.9 million pesos); Agrarian Reform Secretariat (429.1-611.2 million pesos), and Energy Secretariat (152.2-280.3 million pesos).

The Sedena has basically strengthened its Military Industry, War Materiel, Military Transportation, Artillery, and Transmissions Branches with these budgets.

Surpassed only by Brazil, the Mexican Army is the second largest in Latin America with 175,000 members, distributed among 39 military zones throughout the country.

Following the Chiapas conflict, the Armed Forces reconsidered their logistic and equipment to the points of "national interest"— Guerrero, Oaxaca, Tabasco, and Veracruz, among other states—and this led, at the end of the year, to the creation of a new military zone in Ocosingo, within the zone of greatest influence by the Zapatist National Liberation Army [EZLN].

General Jorge de Jesus Wabi Rosel, one of the 22 military command personnel replacements carried out in December, was appointed commander of the 39th Military Zone in Ocosingo.

The 38th Military Zone, headquartered in Tabasco, located within the zone of Chiapas territory, was created prior to that, following the uprisal in Chiapas. General Arturo Galindo Romero, who was also appointed recently, is in charge of that zone. The Mixed Operations Base (BOM) was also created in that state in mid-1995, upon request from the Tabasco State government, with 42 military, five federal judicial agents, 15 Riot Police members, and a Federal Highways Police patrol, all under the command of an agent from the Federal Attorney General's Office. Their goal: "To protect Pemex [Mexican Petroleum] facilities," although it has only served to violently prevent any outbreak of violence from the people.

To the militarization of Guerrero State, under the pretext of the fight against drug trafficking, we add Baja California State's so-called "Operation Union," which members of police bodies along with the Armed Forces have carried out to erect checkposts along all roads accessing this state and to combat organized crime. The same thing happened in Chiapas, where the Army supported the Attorney General's Office in its fight against drug trafficking.

With this same objective in mind, the number of patrol units along the mountain ranges of, among others in the country, Zongolica, Veracruz, Huasca de Ocampo, Hidalgo, and Nanchichitla, Mexico State, was increased, even though human rights defenders and representatives of opposition parties have agreed to note that the ever increasing presence of the Army is to detect and repress any outbreak of social nonconformity.

In Chiapas, the Mexican Government by late 1994 purchased approximately 70 AMX-13 tanks equipped with 75-mm and 90-mm cannons, which are used frequently due to their high mobility in counterinsurgency fights, as well as four Sikorsky S-70 Black Hawk helicopters.

To prevent likely social conflicts, the Sedena still manufactures in its factories its 9-mm HK-P97 pistols, 9-mm MP-6 machine guns, 7.62-mm G-3 automatic rifles, 7.62-mm HK21A1 machine guns, 60-mm and 81-mm mortars, and 7.62-mm Morelos rifles.

In addition, in recent years, it bought 3,500 armored riot vehicles, many of which had to be repaired and overhauled, including the following types: VBM-Mex-1's, VBMM-8's, VBL-Mowag Rolands, VBDN-IV-A's, VBDN-V's, CBTP Henschel HWK-11's, VB M-32 half-track tanks, and Scout-Cars.

The Mexican Government last year purchased 367 used armored combat vehicles from the United States, France, Belgium, and the United Kingdom.

According to the Sedena's Armored Troops General Directorate, some of the riot vehicles are parked side by side at the installations of Military Camp No. 1 in Mexico City, covered with blue canvases and waiting to respond to "the needs to fully carry out their activities and duties."

Manufacturers Association President Holds News Conference

PA0501185096 Mexico City LA JORNADA in Spanish 4 Jan 96 p 41

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Victor Manuel Terrones Lopez, president of the National Association of Manufacturers (Canacintra), has asked the federal government to sacrifice the struggle against inflation this year in order to save production plants, because 1996 will be no easy year and will not bring about a quick and generalized economic revival.

The industrial leader has insisted it would be possible to reach a maximum growth of 2.5 percent in 1996 with an inflation rate of 30 percent and not of the 20 percent the Mexican authorities want. This sacrifice is possible and will facilitate the creation of 300,000 jobs

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and the revival of production that will in turn improve the people's standard of living.

In his first news conference of the year, Terrones Lopez has rejected the labor sector's demand for a floating salary scale, because it would increase inflation and economic deterioration. He has said the industrialists will analyze the tax increases that came into force in 1996 in this city, because they will demand their reversal if they are outside the agreements reached with the federal government.

In assessing developments in the industrial sector in 1995 and the outlook for 1996, the Canacintra leader, who will leave this post next month, has said the financial problem is still the companies' main obstacle, and no economic program will be successful as long as this persists.

Thus, he added, "we must rescue the Mexican financial system, which is our current Achilles' heel." Terrones has urged the Bank of Mexico and the Finance Secretariat to devise formulas to lower interest rates and to establish support mechanisms to tidy up banks and industries simultaneously, because otherwise this problem will cause the national economy to malfunction.

He has said Mexico experienced one of its most difficult years politically, socially, and economically in 1995. Domestic consumption dropped by up to 15 percent, investment plummeted 32 percent—"an unprecedented figure in recent economic history"—production dropped by 6 percent, 1 million jobs were lost, and the standard of living of many Mexicans deteriorated significantly.

Thus, "we will need at least a couple of years to recover pre-crisis levels of production, employment, and investment," he added.

On the social front, Terrones Lopez has said unemployment and poverty increased, a good portion of the middle class experienced a deterioration in its standard of living, an atmosphere of insecurity prevailed, and the people felt uncertainty and were upset by the political and economic developments.

On top of this, the economy was unable to maintain existing jobs and, much less, to create new ones to offer remunerated employment to those entering the labor market for the first time.

The industrial leader added that interest rates remained high and created serious problems for thousands of debtors trying to meet their financial obligations.

"Industry needs money, but not at those interest rates, and thus, the Bank of Mexico must work along with the Finance Secretariat to lower them to four or five points above the inflation rate," he has said.

There Will Be Multiple Challenges

As for this budding year, the president of the National Association of Manufacturers has said there will be multiple challenges, because a revival must be consolidated, the labor market improved, and inflation and interest rates lowered.

Quantitative goals for this year aside, Terrones Lopez has said "the manufacturing industrialists are convinced now is the time to fulfill commitments to strengthen the production plant sector, because this is the only means to significantly reduce the possibility of another economic crisis such as the one we experienced in 1995."

He has predicted that the economy in 1996 will grow by 2.5 percent, the manufacturing sector by 2.8 percent, inflation will be 30 percent, and that interest rates will close the year at about 38 percent.

Terrones Lopez also has predicted that total investment will grow by 4 percent, exports by 14 percent, imports by 13 percent, and that the current account balance will register a deficit of between $2 billion and $2.5 billion.

Leaders of Workers Confederation Meet With Zedillo

PA1001042296 Mexico City Radio Red Network in Spanish 0000 GMT 9 Jan 96

[Report by Victor Manuel Suberza Blanco in Mexico City from "The Night Monitor" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Leaders of the Confederation of Mexican Workers [CTM] have met with President Ernesto Zedillo at Los Pinos residence. In addition to inviting him to their national congress, the labor leaders used the meeting to discuss the conditions in which millions of workers find themselves throughout the country:

[Suberza] "What is the outlook for the workers this year?

[Leonardo Rodriguez, secretary general of the United Trade Union of Electrical Workers of the Mexican Republic] "You know my way of describing it.

[Suberza] "How?

[Rodriguez] "Like shit."

[Suberza] This was Leonardo Rodriguez Alcaine, secretary general of the United Trade Union of Electrical Workers of the Mexican Republic. The labor leader, who always uses strong language—as a good CTM member, he claims—has told reporters: Do not publish what I told you.

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Rodriguez Alcaine arrived at Los Pinos with other members of the CTM's National Executive Committee. CTM President Fidel Velasquez also attended the meeting with the president, with the intention of inviting him to the CTM's national congress, which is scheduled for 24 February. The CTM will celebrate its 60th anniversary that day.

Rodriguez Alcaine has said absolutely nothing was mentioned about the adjustable salary scale during the meeting with Ernesto Zedillo. After commenting, in his very peculiar style, on the workers' economic outlook, Rodriguez Alcaine said:

[Rodriguez] "An effort is being exerted to achieve a recovery of the workers' purchasing capability either through an adjustable salary scale or through mechanisms that we are studying and that will be submitted to the economic cabinet to see what happens.

[Suberza] "Why don't you share the authorities' optimism in the sense that an economic recovery will be achieved in midyear?

[Rodriguez] "It is not.... [pauses] I think it is extraordinary for Mexico, but what I cannot agree on with anyone is the loss of the workers' purchasing capability, because it has taken a lot of effort, a whole lot of effort to convince them we will achieve this goal tomorrow or the day after, when we have yet to achieve it. Despite the crisis, we maintained a balance more or less between salaries and prices in 1994 and 1995. What we have yet to resolve— this point is the important thing— however, is the extremely slow recovery of the workers' purchasing capability, and we are struggling to do so."

Meanwhile, Fidel Velasquez Sanchez has said he hopes 1996 will be a good year for everyone even though labor leaders see no results from the strategy to overcome the crisis.

Government To Continue Support of Domestic Banking System

PA0501215196 Mexico City EL FINANCIERO in Spanish 4 Jan 96 p 4

[Report by Gerardo Flores]

[FBIS Translated Text] Alejandro Valenzuela del Rio, spokesman for the Alliance for Economic Recovery (Apre), gave his assurance that the government of the Republic will continue to guarantee the savings of the Mexican people and provide financial support to the banking system under the rescue plan implemented during 1995.

During his regular Wednesday news conference, Valenzuela del Rio pointed out that the population's purchasing power will continue to be depressed during 1996, but that cutting the level of unemployment will continue to be a government priority, and an improvement in economic activity will be experienced during the second half of the year.

After stressing that there will be no overheating of the economy, the Apre spokesman highlighted that the public expenditures to be carried out during the first quarter of the year that are greater than those of previous first quarter periods will have an impact on economic activity but not on prices. He also cautioned that under no circumstances will a slackening of fiscal discipline be allowed.

Valenzuela del Rio explained that strategies such as the Savings Protection Banking Fund (Fobaproa), the Temporary Capitalization Program (Procapte), Units of Investment and the Agreement for Immediate Support to Bank Debtors (UDI and ADE), as well as the Capitalization and Portfolio Purchase Program will continue to be in effect during 1996 because they were intended for those national banks that were deemed viable.

The idea, he said, is to guarantee the savings of all Mexicans and to find an institutional solution to the country's financial problems, as well as "not being able to guarantee shareholders a solution to their debt problem without any major costs."

He mentioned that we have witnessed how numerous shareholders have lost their capital held with the banks. At the same time this meant that Fobaproa was prompted into taking over the management of many of these failing banks in order to inject capital so that they could continue operating on their own through capitalization plans, mergers, and so forth, all of this with the objective of protecting the savings held by account holders with these banks.

Valenzuela del Rio also expressed his optimism with respect to cuts in the interest rates, since this will also cut the cost of the national banks' rescue package.

The Apre spokesman, who is also director of International Financial Affairs Department, highlighted that reversing the unemployment rate and creating 600,000 new jobs are two of the objectives established for this year, if a 3-percent economic growth is achieved.

He acknowledged that the recession and the adjustment has no precedent since 1995 was one of the most difficult years of the 20th century, but that after the adjustments phase comes the recovery and then consolidation.

Some recovery has already been witnessed during the month of September, and it will not be concluded until

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the second quarter of the year when the program's consolidation phase will take place. The public sector has already cut scheduled expenditures by 4.7 percent for this year, in comparison to last year, and there will be administrative units adjustments but without undermining employment.

He stipulated that greater expenditures during the first quarter of the year will not cause an overheating of the economy since the impact will not be felt on prices but on economic activity.

Valenzuela del Rio stated that the population's purchasing power will continue to be depressed during 1996, but that the gap will continue to decline noticeably, and explained that the recovery of this indicator will only take place in accordance to how the productivity programs continue to develop.

With respect to debt maturity, the finance official stated that there will be accumulated disbursements during March and September, just as in previous years, and explained that a $1.3 billion swap program with the U.S. Federal Reserve will be maturing on 29 January and that it has not yet been decided if it will be paid off or if a refinancing will be requested.

In assessing the performance of the Mexican Securities Exchange during 1995, he explained that the market evidenced a 17 percent nominal yield, although in real terms the market reflected a level lower than what was recorded on 31 December 1994.

Likewise, he pointed out that in settling at 7.58 pesos per each U.S. dollar, the exchange rate has been constantly fluctuating.

PAN Official Comments on Appointment of Comptroller General

PA0501211496 Mexico City XEW Television Network in Spanish 0400 GMT 5 Jan 96

[Report by Tere Mora from the "24 Hours" newscast]

[FBIS Translated Text] According to Federico Ling Altamirano, secretary general of the National Action Party [PAN], the new presidential cabinet offers no promising signs:

[Begin Ling Altamirano recording] The appointment of Arsenio Farell as comptroller general leads us to believe he will absolutely not facilitate the investigation of the Salinas administration in general and of some of its officials specifically. We say so, because this action places a tough and dinosaur-like, pro-Salinas individual as head of this important supervising organization. [end recording]

Ling Altamirano has commented on the role the EZLN [Zapatist National Liberation Army] has played:

[Begin Ling Altamirano recording] It is sad but not surprising to see how Cuauhtemoc Cardenas is belittled when he speaks from hearsay on Commander Marcos' behalf. [end recording]

Ling Altamirano has announced the PAN will appoint its new leaders in March.

Subcommander Marcos Issues Communique

PA0601140596 Mexico City EL FINANCIERO in Spanish 4 Jan 96 p 39

[Communique issued by Subcommander Marcos, leader of the Zapatist National Liberation Army, EZLN, from the mountains of southeastern Mexico on 3 January]

[FBIS Translated Text] To the participants at the National Indian Forum organized by the EZLN [Zapatist National Liberation Army]:

3 January 1996.

Brothers from the different Indian peoples of Mexico:

Indian brothers from other countries:

Non-Indian brothers:

We are gathered today and will be gathered until 10 January 1996 to think in our heart about what is the best path for our Indian peoples to recover the place they deserve among the nations of the world.

Brothers from many Indian peoples who comprise the great Mexican nation are here with us. Through their representatives and delegates, the Indian peoples from Mexico have come to speak for themselves, without asking permission to talk, because one does not need to ask for permission to speak the truth.

The supreme government says we have committed a "mortal sin" because we build cultural centers without asking for permission. The almighty government told us, through emissaries, that we had committed a mortal sin and that the "Aguascalientes" would be destroyed. We don't ask for forgiveness from the almighty government. We responded they could do it if they wanted to. We reminded the almighty government that when the Indians died uselessly they never asked for permission and the almighty government kept quiet and became an accomplice in our death. We don't ask for permission to die; we don't ask for permission to live either.

For a long period of time we didn't ask for permission to keep quiet. We died hopelessly without anyone's permission, we died painfully, death and silence hurt. Now we don't ask for permission to talk. Without

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anyone's permission we live and speak, we make life and words easier.

And that is why we are here, to talk about life.

A new word is making its way to those of us who are gathered here. We, the Zapatists, have not invented anything new. We don't invent words, we don't invent the struggle, we don't invent Indian dignity. You have always spoken the word, have always struggled, have always been dignified. We only reminded Mexico and the world that Indians existed and that we didn't want to die. Our word was new for those who had lost the memory, but for you our word is not new because our forerunners put them to practice.

We have before us a group of men and women who are real and whose words are well intended. We call you "ADVISORS" because you are and have been like a good word that has advised us. These are like the old pieces of advice from the elders who guided Indian peoples. These advisers, these men and women of good words have done the main work so that we can meet these days, so that we can talk to one another.

We want to thank them for their work. They don't receive any payment; their only satisfaction is a job well done and that motivates them. We are sure that the world would not be as unjust and brutal as it is now, if real men and women like the "ADVISORS" guided the world and its thought. These days arrogance and money are guiding the world and twist the path and the word.

We want a world where the path and thought have a good orientation, where there is a good path for all and everyone has a place and stays in their place with respect and dignity.

We are trying to build a world in which we can all fit, without the need to control others. The powerful do not accept us in their world; they do not respect us; they persecute and kill us. For the almighty, one can only live as an accomplice of the crimes of money and arrogance. The government we have now has tried to kill us, bribe us, and keep us quiet. It has failed. We have refused to be an accomplice to a government that fights its constituents. We now want to create a new fatherland where Indians and non-Indians have an equal place and respect.

That is why we want to invite you, so that the spirit of respect and tolerance live in our hearts and words. We all have a common enemy that calls itself "government," which tries to kill us. The religion accusing us of committing a mortal sin is called neoliberalism.

We must withstand the path of death of the almighty. But we must also build another world, and in this new world there must be a place for everyone, the peoples, and for all languages.

This is the Zapatist thought and it is our word. We cannot fight the racism practiced by the almighty with a mirror that presents the same: the same injustice and the same intolerance, but now against mestizos. We cannot fight the racism against the Indians practicing racism against mestizos.

We are Indians and as such, we have suffered centuries of contempt, persecution, neglect, and death. Very often, the executioner has been fair-skinned, but other times, death and treason have been dark-skinned and have spoken our same tongue. The correct path also has the words of men and women of fair skin and different tongue. In the world we, the Zapatists, want, there is room for all skin colors, all tongues, and all paths. The good world has many courses and many paths, and there is respect and dignity on those paths.

This National Indian Forum can be an example that we do not have to ask for permission to think of ourselves as free, just, and democratic individuals. We are not asking them to forget their differences and debates. We are not asking them to join us by force or to give up their views for other views by force. We ask them to exercise respect and tolerance for those who have different ideas along their path, but who have the same yearning to live.

We ask them to welcome on their path all of those who want to walk the path of freedom and reason without caring for their appearance or their race. We ask them that, together, we give this country and this world, which only offers us death or humiliation as a future, a lesson: the lesson of the human dignity that saves the world from stupidity and crime.

This is our word, brothers, today, when the words of the Mexican Indians and guests from other countries are beginning to be articulated and listened to. Other races, other colors, and other tongues are listening to us, but the most important aspect is that we can listen to ourselves in our hearts.

BROTHERS:

On behalf of the Clandestine Indian Revolutionary Committee- General Command of the EZLN, we declare the works of the NATIONAL INDIAN FORUM inaugurated today.

Welcome to the celebration of words, the celebration of inclusion, tolerance, and human dignity.

Long live the Mexican Indians!

Long live our fallen heroes!

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Long live the native blood of these lands, the star that always brightens our skies!

Signed: Subcommander Marcos, Commanders David and Tacho.

From the mountains of southeast Mexico, Clandestine Indian Revolutionary Committee-General Command of the EZLN.

Mexico, January 1996.

Zedillo Says Basic Health Services To Reach Most Needy

PA0701225496 Mexico City XEW Television Network in Spanish 0400 GMT 6 Jan 96

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo has said that the most isolated regions and the most needy Mexicans will receive basic health services this year.

During a ceremony commemorating Nurse's Day President Zedillo announced that the government will support actions to improve the working conditions for nurses in the national health system.

[Begin Zedillo recording] I want to reiterate my commitment to progressively improve your salaries, labor conditions, and fringe benefits. [end recording]

The ceremony was held at the auditorium of the 21st Century National Medical Center in Mexico City. President Zedillo announced that the package of basic health services for the most isolated regions in the country will be broadly implemented this year. He said that the package comprises 12 areas, including family health care, vaccination, and child nutrition.

[Begin Zedillo recording] The package also includes access to birth control methods and attention to women during pregnancy and labor. [end recording]

Health Secretary Juan Ramon De la Fuente mentioned the need to rescue the values of institutional medicine to prevent its dehumanization.

[Begin De la Fuente recording] If as I suspect this dehumanization is the cause of most criticisms of our work — which although very few should not be underestimated — it would be pertinent to investigate where institutional medicine has failed in recent years. [end recording]

President Zedillo handed out commendations to nine distinguished nurses. There were four speakers during the ceremony, which was also attended by Mrs. Nilda Patricia Velasco de Zedillo, as president of the Foundation for the National System for Comprehensive Family Development, DIF, as well as the directors of the Social Security and the ISSSTE [Social Security and Services Institute for Government Workers] and the Federal District's mayor.

Roundup of Economic Developments Through 8 Jan

PA0801222896

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 8 January.

During the last quarter of 1995, approximately 5.15 billion pesos were earmarked for the capitalization of banks through direct resources from shareholders or the issuing of obligation in pesos and dollars. Throughout 1995 and based on figures presented by the Mexican Association of Bankers (ABM), the capitalization of the banking system reached 18.776 billion pesos — excluding the resources injected by the Savings Protection Banking Fund (Fobaproa). (Mexico City REFORMA in Spanish 1 Jan 96 — received via Internet)

The National Chemical Industry Association (ANIQ) has warned investments in petrochemical plants are essential so they can begin producing polyethylene. ANIQ said that the privatization of petrochemical plants represents a great opportunity for the country, an opportunity that must not be lost. According to the latest figures, the national petrochemical industry revealed in the third quarter exports rose by 100 percent with respect to the May-June period. (Mexico City EL FINANCIERO in Spanish 3 Jan 96 p 10)

The infrastructure budget of the Secretariat of Communications and Transport (SCT) is expected to decline this year by 1.8 percent. The SCT made no reference to the granting of private concessions for the operation of highways, which confronted serious financial difficulties in 1995. The allotment for the modernization of roadways will decline by 54.7 percent, road reconstruction by 20.8 percent, and regular maintenance will drop by 44.8 percent. (Mexico City EL FINANCIERO in Spanish 3 Jan 96 p 11)

The Mexican Association of Studies for Consumers' Defense (AMEDC) has reported the price increases will continue during the first three months of the year. A spokesman for the group said that the price of toys, food, alcoholic beverages, and other items increased by 50 percent just last week. He noted that basic market basket prices rose by 6.6 percent last December. Meanwhile, representatives of the National Association of Self-Service and Department Stores (ANTAD) affirmed they experienced a 40-percent drop in sales, especially on imported goods. (Mexico City EL FINANCIERO in Spanish 3 Jan 96 p 17)

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The Confederation of National Chambers of Commerce (Concanaco) has reported that despite a slight recovery in employment, the purchasing power of the population in 1996 will barely reach 1991 levels. Concanaco added that a growth between 4 and 5 percent is required in order to create between 50,000 and 60,000 jobs. The business group explained that it will be impossible to create the 100,000 jobs lost in this sector in 1995. Concanaco noted that should the established measures be maintained, the national economy may experience at least a 4 percent rate, way above the estimate of the Federal Government. The group concluded that in 1995 business sales decreased by approximately 20 percent. (Mexico City EL FINANCIERO in Spanish 3 Jan 96 p 16)

Business leaders have said that the economic growth expected in 1996 will be insufficient to bring the economy to the 1994 level. They stated that important and sustained progress will only be observed in 1997, adding that the Federal Government should make a greater sacrifice to overcome the crisis. They suggested that the government maintain aid programs for bank debtors, enabling them to fulfill their commitments in a timely fashion. A spokesman for the Pan American Institute of High Business Management said that prices will increase in 1996 by 20 to 25 percent and the economy is expected to grow by 3 percent. (Mexico City LA JORNADA in Spanish 3 Jan 96 p 35)

The System for Comprehensive Family Development, DIF, will have a budget of 1.5 billion pesos in 1996, a 30-percent increase compared to the 1995 budget. Approximately 60 percent of these funds will be allocated to the National Food and Nutrition Program which provides school breakfasts and food supplies to needy families. (Mexico City LA JORNADA in Spanish 3 Jan 96 p 19)

The bus, truck, and tractor trailer industry closed 1995 with an 82-percent decrease in sales, 8,000 unemployed workers, drawdowns, inventories of one month and a half, and utilization of only 15 percent of installed capacity. Sales in 1995 were 3,500 units compared to 33,000 in 1994. Nevertheless, foreign sales increased 106 percent, totaling 2,000 units, mostly exported to Central and South America. (Mexico City LA JORNADA in Spanish 4 Jan 96 p 42)

The Inter-American Development Bank has granted a $500,000 credit to the Association of Mexican Businesswomen of Veracruz to provide loans to small businesses. The IDB also donated $100,000 to buy equipment and hire advisers. (Mexico City LA JORNADA in Spanish 4 Jan 96 p 45)

Tabasco Governor Roberto Madrazo Pintado has reported that Mexican Petroleum, Pemex, invested 277 million pesos in his state in 1995, more than double than in 1994. (Mexico City EL FINANCIERO in Spanish 5 Jan 96 p 30)

Despite the crisis in the productive sector, the maquila (assembly plant sector) industry for export has continued to expand, investing more than $112.5 million in the first eight months of 1995. This industry continues to be one of the strongest sectors and a big source of employment, providing jobs to 632,485 people last year. The most active are the textile and electrical- electronic materials sectors. As a result of the growing participation of this industry in foreign trade, the foreign exchange generated by this sector made up 63.8 percent of Mexico's total trade surplus in 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 5 Jan 96 p 3A)

Agriculture, Livestock, and Rural Development Secretary Francisco Labastida Ochoa has reported that the price of corn increased nearly 100 percent in 1995, going from 650 pesos a ton to between 1,250 and 1,300 pesos. He said prospects for 1996 are not too encouraging in view of the drought problem that continues in are of Chihuahua, Tamaulipas, Sinaloa, Coahuila, and Durango. (Mexico City EL FINANCIERO in Spanish 5 Jan 96 p 21)

A 5 January report datelined in Mexico City indicated that in the first 10 months of 1995, mining and metal production registered a 11.7 percent increase compared to the same period in 1994. The National Institute of Statistics, Geography, and Information Science said that by states, Sonora stood out in the production of copper with 87.9 percent of the national production and the production of gold with 28 percent of the national production. From January to October 1995, overall gold production increased 38.9 percent and silver increased 10.3 percent compared to the same period in 1994. (Mexico City NOTIMEX in Spanish 0134 GMT 6 Jan 96)

A Mexico City-datelined report on 7 January indicated that coffee represented 18 percent of the total agricultural exports in 1995, bringing in $3.718 billion. The 1994-95 harvest was 4.2 million sacks, of which 3.2 million were sold abroad. (Mexico City NOTIMEX in Spanish 0005 GMT 7 Jan 96)

According to a 7 January, Mexico City-datelined report, the Pemex refining sector sold in the international market an average of 19,900 barrels a day of turbine engine fuel between January and November, a 22.9-percent increase compared to the same period in 1994. It sold 43,900 barrels a day in the national market from January to November 1995. (Mexico City NOTIMEX in Spanish 0008 GMT 8 Jan 96)

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El Salvador

Deputies Question Government's Economic Policy

PA0901000196 San Salvador EL DIARIO DE HOY in Spanish 4 Jan 96 p 15

[Report by Sara Fernandez]

[FBIS Translated Text] It is urgent that for 1996 the government devise policies that allow the development of sectors such as industry, tourism, and agriculture, because the Salvadoran economy cannot continue to be based on consumerism, opposition deputies have stated.

Jorge Villacorta, representative of the Democratic Convergence [CD], said that the government must prepare sectorial policies as part of a national development program.

"Agriculture and industrial sectors, medium- and small-sized production agents must be motivated by competition" because they have sustained the economy, especially in times of crisis.

According to this deputy, prospects in this field are obscure because neither the president nor the ministers have mentioned the possibility of creating these policies. However, reality will force them to institute said policies, he expressed.

"The government cannot continue with this neoliberal orthodoxy," Villacorta remarked. He explained the government appears more interested in obtaining macroeconomic results than in minimizing the unemployment index and improving the standard of living of Salvadorans.

There are sectorial policies to resolve this situation, which promote production and investment in areas such as livestock, tourism, coffee, for example.

The Salvadoran economy has currently gained momentum thanks to the growth of commerce, the financial sector, and construction.

Engineer Villacorta cited these economic factors because they are not a solid basis for the country.

In addition, he said that the family remittances have led to a dependent and consumerist economy, leaving the industrial and agricultural sector behind, without the ability to compete.

He remarked that this crisis emerged because there is no motivation to invest. For instance, he explained that the credit system does not offer good perspectives because the high interest rates restrain production.

Consequently, he stressed that it is necessary to create sectorial policies as recommended by the National Association of Private Enterprise (ANEP).

"It has been rumored that there will be an agricultural policy this year; I hope this is true," he noted. However, if there are no financial incentives or markets, the takeoff of the production sector will be very difficult.

He mentioned that in the agriculture sector it is important to determine the kind of crops that are produced for export, their technical assistance characteristics, etc.

The area of tourism must also be promoted by investing in infrastructure, because several Salvadorans are investing in other countries where they have better investment conditions.

Villacorta said that the sectorial policies have been implemented even in industrialized nations like Taiwan and Korea, so it does not represent an abandonment of the neoliberal scheme.

Meanwhile, in regards to the assembly plant industry, he highlighted that it must not be considered as a strong bastion for the economy because it is volatile, that is, it may become temporary and will depend on relations with labor leaders or competition with Mexico.

Risk Investment Fund

Julio Regalado, from the Social Christian Renovation Movement, pointed put that the government not only did not invest in the agriculture sector during 1995 but that on the contrary, the price of raw materials became even more expensive.

For that reason, Regalado pointed out, sectorial policies must be defined that will lead, first of all, to the creation of a risk investment fund to modernize the industrial and agriculture sector, among others. He also proposed that the fund could be managed by the Central Reserve Bank.

Social Sectors Must Pressure

According to Deputy Norma Guevara from the FMLN [Farabundo Marti National Liberation Front], social oriented policies will only be implemented if social sectors such as the private sector and the cooperatives try to exert some type of influence on the government.

Otherwise, the FMLN deputy indicated, it will be impossible since the government has already prepared its model.

The deputy also alluded to the fact that the approved budget is not a good way to start the year since various types of expenditures and responsibilities are being repeated in some institutions.

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Possible Devaluation of the Currency

"This will be the bleakest year for the business and labor sector since a devaluation is expected sometime during the month of March," Julio Regalado continued pointing out.

He added that the devaluation measure can be implemented since the trade balance is erratic since imports grew by 39 percent while exchange revenue only increased by 9 percent, which means that the economy is undergoing a crisis.

Codydes Assesses Unemployment Situation in 1995

PA0601011496 San Salvador CO LATINO in Spanish 4 Jan 96 p 11

[Communique issued by the Committee of Dismissed and Unemployed Workers of El Salvador in San Salvador; date not given]

[FBIS Translated Text]

Committee of Dismissed and Unemployed Workers of El Salvador, [Codydes]

1995 Was a Year of Labor Instability and Deepening of Poverty

1995 was a difficult year for the labor sector, because the state gave little importance to the constitutional mandate (Article 37) of promoting and protecting employment.

Codydes registered more than 23,000 dismissals from 2 January to 15 December 1995 for various reasons within the state as well as the private sector.

It is clear that for the government, the agricultural sector (basic staples, coffee, and so on) is no longer a priority and this has produced a negative impact on the PEA [economically active population] that is reflected in massive migrations from the countryside to the city in search of jobs. In the cities, there have been few incentives for the Salvadoran industrial sector, and this has led to massive unemployment which, coupled with the state downsizing process, has produced a high concentration of unemployed in the cities. Thus, the informal economy as well as common crimes, prostitution, family abandonment, and so on, have grown.

The government is currently talking about an economic growth that is not reflected on the poorest segments; it is talking about a growth in unemployment (mainly in the assembly plant sector) when there has actually been a displacement of workers from productive sectors to the assembly plant sector, and this is not creating new jobs. The unemployment rate reached 10 percent of PEA in 1995 and this in absolute figures means that 201,992 economically active Salvadorans are jobless or are looking for jobs for the first time.

The increase in electricity and water rates, transportation fares, and the VAT, and the reduction of tariffs have increased production costs for national industry and caused a market share loss. Thus, the national private sector has reached the limit of its ability to absorb the unemployed.

As for the social aspect, the increase in electricity, potable water, and transportation rates and a 3-percent increase in the VAT have been disastrous for the population, especially the unemployed, because nearly 50 percent of all Salvadorans are living in extreme poverty, and this means that if there has been any economic growth it has benefited only a few.

The figures that we are revealing serve as a voice of alert to ensure that the state, which is responsible for implementing economic policy and for looking after compliance with the laws of El Salvador, will rule in keeping with the spirit of our Constitution.

Codydes believes that in order to achieve a process of national reconciliation to consolidate our budding democracy, and above all, to advance toward the achievement of an economic democratization, the following should be carried out in the short term:

— Correct economic policy to ensure that it benefits a majority of the Salvadoran people.

— Define a policy to promote revival of the country's agroindustrial sector.

— Reform the Basic Law of the Labor Ministry and increase its budget.

— Reform the procedural part of the Labor Code.

— Reform the Law on Free Zones and Fiscal Havens (except for Article 28A of the reforms).

— Apply agreements of the International Labor Organization that were ratified last year, especially the agreements. [sentence as published]

Four Banks Rank Among Largest in Latin America

PA0701225696 San Salvador LA PRENSA GRAFICA in Spanish 4 Jan 96 p 15A

[Report by Xiomara de Ochoa]

[FBIS Translated Text] For the first time, four Salvadoran banks ranked among the 250 largest banks in Latin America in a report published by the AMERICA ECONOMIA magazine.

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Among the 250 institutions listed, are the Banco Agricola Comercial, which occupied position 117 and became the first Central American bank to appear on the list. It was only surpassed by six Panamanian banks, including Bladex [Latin American Export Bank], which ranked 30; National Bank, 63; Banco do Brasil, 68; Deutsch Sudamerikinische, 75; Dai-ichi Kangyo, 88; and Credit Lyonnais, 110.

The second local bank occupying a ranking position among Latin American banks was Banco Cuscatlan, which was listed in position 122, under Banco General of Panama, which ranked 118.

The next Central American institution listed was the Nacional Bank of Costa Rica, in position 152.

The National Bank of El Salvador is the third Salvadoran bank in the list, occupying position 166. It is preceded by 15 Panamanian banks, two national banks, and one Costa Rican bank.

The ranking presented by the AMERICA ECONOMIA magazine, which belongs to the Dow Jones Group, was based on 1994 statistics and information gathered from banking superintendencies in Latin America. This is the first time Salvadoran banks appear in the list.

The fourth local bank listed is BanCo [Banco de Comercio], which was placed in position 215. It came after 23 Panamanian institutions, three Salvadoran [as published] and two Costa Rican. The Nicaraguan National Development Bank was 14 slots below, in position 229.

Another interesting point in the report is that the Banco Agricola Comercial is the third bank, after the Caja de Ahorro of Argentina, and the Inbursa of Mexico, that appeared among the first 120 banks the first time they were listed. Argentina's Caja de Ahorro is 79, and Ibursa 107.

The ranking of the 250 largest banks in Latin America was published in the 1995-96 annual edition of AMERICA ECONOMIA.

Among the Largest 250

Rank	Bank	Loans	Var.	Deposits	Assets	Patrimony
		(US$Mill)	%	(US$Mill)	(US$Mill)	(US$Mill)
117	Agricola Comercial	556.9	36.6	857.9	1.0084	N.A.
122	Cuscatlan	518.8	23.4	658.2	866.8	N.A.
166	Salvadoreno	328.5	19.1	439.3	559.2	N.A.
215	De Comercio	232.5	40.6	339.3	424.5	N.A.

N.A.: Not available

* Ranking parameters obtained from AMERICA ECONOMIA magazine.

** The information on which the ranking was based came from official publications from the Superintendencies of Banks, complemented with data obtained from the Federation of Latin American Banks (Felaban) and other sources.

*** The information shows ranking as of December 1994.

Guatemala

President-Elect Arzu Holds News Conference

PA0901012796 Guatemala City PRENSA LIBRE in Spanish 8 Jan 96 p 3

[FBIS Translated Text] *The first thing we will do is put the government to work immediately. Our starting point will be actions to combat generalized crime, common as well as organized, because it is a vital problem Guatemala is enduring,* Alvaro Arzu, the winner of the presidential election, has said with a calm voice, without reveling in his victory too much.

Arzu did not disclose his government cabinet, but has said he would invite several groups to cooperate, but he was emphatic when he said he would not call on members of the Guatemalan Republican Front, FRG, to join his government.

Instead of inviting them, we will use a fully trained group, and we are going to invite many other groups that have worked hard to further the national project.

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Of course, we will invite them so that together, as a big family, we can make Guatemala a great nation, the winning candidate has said.

Regarding human rights and the Army's position, Arzu, who visited Attorney General Jorge Mario Garcia Laguardia on 6 January, has said:

I confirm that my government will have total respect for human rights and that the Army, as the rest of the institutions and sources of power in the country, will have to limit itself to the specific areas for which it was created.

He added: *In the case of the Army, the Constitution establishes very clearly the parameters in which it must move and to which it must be circumscribed. We will not allow the Army or any other power center to expand itself more than for what has been established and for what it was created.*

While Arzu's followers celebrated and interrupted the news conferences with their cheers, the president-elect's face displayed some concern despite the fact the projections and information obtained in the capital city assure his victory. He has said:

I never doubted my victory, because we were always at the top in the electoral results, and we are up 92,500 votes.

Asked about his future cabinet, Arzu Irigoyen has said he still has not established it fully and will make this announcement during a news conference on 9 January, but it has been reported that lawyer Arabella Castro de Comparini will be the new education minister and that the possible finance and energy and mines ministers will be PAN [National Vanguard Party] deputies Marco Tulio Sosa and Leonel Lopez. Publicity agent Rodolfo Mendoza will occupy the Government Ministry.

On the foreign affairs issue, Arzu gave his position regarding Central America:

We will have the fraternity required by the countries in the Central American area to allow us, jointly, to face the free trade agreement between Mexico, the United States, and Canada. We will give backing to and start reconverting the industrial sector so as to face this market together. We are not individual countries. We want a common Central American fatherland.

Arzu Irigoyan refused to answer questions asked by foreign journalists who asked that he reply in English when he stated categorically the news conference was in Spanish. The winning candidate said he would have an open-door policy for the domestic and foreign press.

Answering questions asked by reporters from Amatitlan Department, he said that he had lived his childhood years in this municipality and that *we have a great debt to it. Thus, we are going to work to make the lake a great center for tourism once again.*

At the end of the news conference, Arzu Irigoyan, accompanied by his wife and the vice president-elect, went to the PAN headquarters where he greeted his followers and reiterated the many promises made during his campaign. Meanwhile, his fellow party members celebrated boisterously.

Notes Importance of Peace Process

PA0901234396 Guatemala City Teleonce Television in Spanish 0100 GMT 9 Jan 96

[Report on news conference by President-Elect Alvaro Arzu with unidentified reporters; place and date not given; from the "Telepress Newscast"]

[FBIS Translated Text] In his first news conference after his electoral victory was confirmed, President-Elect Alvaro Arzu said that concluding the peace process is one of his top priorities.

[Begin recording] [Arzu] Well, four agreements have already been signed; however, there still are three more to be signed, which are perhaps the most difficult ones: the economic and social aspects, the incorporation of the armed forces into a framework of civic and democratic life, and the demobilization of the rebel forces. We are very optimistic, because we believe that the two protagonists of this sad and ill-fated war process in which we have found ourselves over the last 30 years have resolve. I have faith and am firmly convinced that there is a democratic resolve and a desire to expedite this process. We will personally intervene in this matter to make it a reality.

[Reporter] How long do you believe it will take to reach a peace agreement?

[Arzu] I hope that we will have concluded the peace agreements in less than seven or eight months and that we will have achieved perhaps its most important aspect: a calendar that will allow us to fully comply with the agreements. [end recording]

Arzu said he was willing to do away with the influence the pressure groups exert and talked about specific proposals that were made during the proselytizing campaign regarding the presidential staff.

[Begin recording] [Arzu] I believe that the influence the presidential staff has exerted has been blown out of proportion. In our case, this will not occur. The presidential staff clearly understands what its objective and goal is to guarantee the security of the president and vice president of the Republic. In Guatemala, we

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will prevent excesses not only by the Army but also by organized business organizations, unions, or other pressure groups in the country. Each one of them has its own ideas and wants to impose them, sometimes exceeding the limits. This is over. Now, each group will carry out the duties for which it was created and formed. The presidential staff is one such group. What was your other question?

[Reporter] [Words indistinct] from an intelligence standpoint.

[Arzu] I believe it is important; however, we do not want an intelligence service at the level of domestic espionage. We want an intelligence service to provide information to the government on foreign markets, consumer prices. That is, we need information to be able to act within a government. When we think about an intelligence service, we think about only aspects of domestic fights or foreign or domestic espionage. This is not the case. We want a clear and blunt information service, as I was telling you, on even the commercial and development activities the country needs regarding its neighboring countries. So, we will indeed create a civilian intelligence service; however, as I said, it will not be specifically aimed at — and I want this to be clear here — aspects of crime or terrorist investigations in Guatemala. No, these are only some of the fields in which it will be able to operate. The rest of the fields are much broader; they have to do with trade activities with the rest of the world.

[Reporter] [Words indistinct] starting now and that it is not worth it to jeopardize the future for the past. Could this be interpreted as an amnesty plan or as a casting into oblivion of all the crimes that have occurred?

[Arzu] I have not talked about forgetting. I said that, as we consider the whole picture, discrepancies will end, and a period of reconciliation for Guatemalans will come. Listen well; I have not talked about forgetting. Please, I want you to write it down well. I am referring to a phase of reconciliation we want to establish in Guatemala in the next four years.

[Reporter] What does this reconciliation mean?

[Arzu] Well, first, to do away with this past that has caused so much harm, pain, and bloodshed, to establish a system in which justice will clearly prevail, and to again instill credibility into the country's institutions. [end recording]

Discusses Human Rights, Army Role

PA0801134596 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 8 Jan 96

[From the "News Patrol" newscast]

[FBIS Translated Text] When asked what would be his government's main priority, Guatemalan President-Elect Alvaro Arzu said his first priority will be putting the government into action. We will also face the problem of generalized violence, Arzu added.

Commenting on the sabotage actions carried out yesterday morning, when tacks were thrown on several avenues in the capital, Arzu said that the members of the Guatemalan Republican Front were trying to sabotage the elections in the capital city, where they knew the PAN [National Vanguard Party] would have an overwhelming victory, but their attemps failed.

Arzu was also asked how he will handle the human rights issue in the country, as well as his relations with the Army.

[Begin recording] [Unidentified reporter, broadcast in progress] ...situation of human rights in the country and your relations with the members of the Armed Forces. What will be their role?

[Arzu] This is absolutely clear. We have stressed, and we reaffirm this once again, that the government headed by Luis Flores and me will be one that will fully and absolutely respect human rights in the country. The Army, and the rest of the institutions and authorities in the country, will have to circumscribe their actions to the specific boundaries for which they were created. Nothing more and nothing less. Therefore, in the case of the Army, the nation's political Constitution clearly specifies the parameters and limits within which it must carry out its actions. We will not allow the Army, or any other nucleus of power in the country to act beyond the boundaries and role for which they were created. [applause] [end recording]

New PAN Government Defines Policy Against Crime

PA1001032996 Guatemala City LA REPUBLICA in Spanish 9 Jan 96 p 5

[FBIS Translated Text] As part of its civil security plans, the new Guatemalan Government of the National Vanguard Party [PAN] has offered to "increase the number of National Police members by 5,000" as announced by President-Elect Alvaro Arzu.

The decision was made as the result of the high insecurity in the country caused by organized criminal

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activities of foreigners engaged in drug trafficking and other illegal activities.

The new government's policy against crime has been defined. The government has even requested the cooperation of the international community and the UN Mission for Guatemala. Arzu has rejected the idea that Guatemala is a country with a culture of violence, as a press correspondent has said, because, he has said, the solution lies in combating social evils. "This is the problem. We Guatemalans are peaceful," Arzu retorted proudly, adding that Guatemala wants to give tourism a climate of peace and that this industry will be strengthened. He also has said he will personally investigate the assassination of two U.S. women in Panajachel, Solola department.

PAN also has offered to strengthen the finances of the Supreme Court of Justice and to seek ways to restructure the Public Ministry for a better "administration of justice," which is decisive for the country. One way or another, this administration of justice is demanded by U.S. citizen Jennifer Harbury, who is still searching for guerrilla leader Efrain Bamaca.

Harbury is demanding the trial of several military officers, whom she has accused of assassinating the rebel leader. Asked about this matter, Arzu replied only: "I do not want to discuss Harbury's remarks. I would like to ask her, however, not to make rash remarks about the government, because we know what we have to do."

Regarding the elimination of the presidential staff, Arzu has said the service will continue to offer protection to the president and vice president of the Republic but without exceeding the service's limitations. Arzu agrees with creating an intelligence or general information service that would not devote itself to conducting "domestic espionage" but, rather, to gathering economic information, for instance.

President-Elect Arzu Announces Cabinet Members

PA1301184396 Guatemala City Cadena de Emisoras Unidas in Spanish 1741 GMT 13 Jan 96

[Statement by Guatemalan President-Elect Alvaro Arzu in Guatemala City; from the "News Patrol" newscast; broadcast in progress — live]

[FBIS Translated Text] I ask all of the main news media to convey to the Guatemalan people the philosophy of the upcoming government and our action plan. Let me introduce to you the members of my cabinet:

Minister of Foreign Relations Minister: Eduardo Stein

Government Minister: Rodolfo Mendoza

Defense Minister: General Julio Balconi

Minister of Communications, Public Works, and Transport: Fritz Garcia Gallout

Finance Minister: Jose Alejandro Arevalo

Education Minister: Arabella Castro

Economy Minister: Juan Mauricio Wurmser

Energy and Mines Minister: Leonel Lopez

Culture and Sports Minister: Augusto Vela

Labor and Social Welfare Minister: Arnoldo Ortiz Moscoso

Agriculture Minister: Luis Reyes Mayen

Public Health and Social Security Minister: Marco Tulio Sosa

Secretary General of the Presidency: Hector Cifuentes

Public Relations Secretary: Ricardo De la Torre

Private Secretary: Gustavo Porras

Personal Secretary: Maria del Carmen de Valle

Executive Secretary: Emilio Saca

President of the Bank of Guatemala: Guillermo Zapata is ratified.

De Leon Carpio Urges Support for New Government

PA0801141996 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 8 Jan 96

[FBIS Translated Text] President Ramiro De Leon Carpio has said the development of the present election process strengthens the democratic system in Guatemala. He made the statement upon learning of the election results.

[Begin recording] [De Leon Carpio] The election process means the turnover of power, which in other words, is the strengthening of our democratic system.

[Unidentified correspondent] What is your opinion of the imminent win of the National Vanguard Party?

[De Leon Carpio] Well, Guatemalans elected this party. If this is the case, I want to congratulate Alvaro Arzu and Luis Flores, as well as Antonio Alfonso Portillo and Carlos Anibal Mendez. I believe they merit our congratulations for their participation.

I think that by this time tomorrow, when final results are issued and the elections are over, all Guatemalans should join together to support the new government to reach consensus in all sectors. The elections are over, they are part of history now.

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Let God guide and bless the new government with all the qualities and requirements needed to rule this magnificent but difficult country. [end recording]

TSE President Makes Statements on Elections

PA0801201696 Guatemala City Cadena de Emisoras Unidas in Spanish 1856 GMT 8 Jan 96

[Statements by Mario Guerra Roldan, president of the Supreme Electoral Tribunal, at the Great Theater of the Miguel Angel Asturias Cultural Center in Guatemala City on 8 January — live; broadcast in progress]

[FBIS Translated Text] ....citizens who formed all the Departmental, Municipal, and Vote-Counting Electoral Boards. Leaving aside their own interests, they worked earnestly to fulfill their task because they know that serving the fatherland is the main duty of every citizen.

In addition, we want to thank national prosecutors from political parties, who behaved correctly at all times and supported us all along. They are a guarantee of this electoral process. They were always, in the weekly meetings we held with them, informed about the proceedings and their suggestions, recommendations, and claims were accepted. This contributed largely to the successful conclusion of this election.

We would also like to thank the institutions, organizations, public and private companies, which also cooperated — one way or another — in carrying out this elections successfully. Several examples of material, economic, and, above all, moral support were given by all the country's organizations.

In addition, we thank the national media sector — print, television, and radio media sources — for reporting all the information concerning the election. Some media sources gave us free time so that the Supreme Electoral Tribunal [TSE] could inform Guatemalan citizens.

We must also highlight the effort carried out by some international organizations to make this elections a reality. Among them we have the Inter-American Human Rights Institute and its Advisory and Electoral Promotion Center, CAPEL, special program. Once more, it cooperated and assisted the TSE. I say this once more because since this institution was founded, it has provided us with technical, economic, and moral cooperation.

We want to thank the European Union, EU, commission not only for their good intention of sending a large mission of observers to our country but also because they provided economic assistance to our electoral process. They can tell the entire world what happened here yesterday. The AID Office, Guatemala section, also assisted us with technical and economic aid, as well as with the scholarships program for peace. We want to thank our staff in the interior who were very useful in training Vote-Counting Boards and Municipal and Local Electoral Boards.

We also want to mention the OAS because we saw in that mission their concern, both in the first election and the runoff election, so that this election was carried out successfully. We also received economic cooperation from this international organization, which was very beneficial for us. As I have said more than once, we don't generate our own funds and always depend on international financial aid for costly programs.

We must also give our biggest thank you to the Guatemalan citizens who voted, who answered the call so that Guatemala continues to advance toward building, sooner or later, a real democracy. We want Guatemala to be a dignified fatherland, respectable and respectful nationally and internationally. Thank you Guatemalans for fulfilling your civic duty on this occasion. Thank you all.

We thank you, Guatemala. You can rest assured we have worked earnestly without any personal interests, without clinging to our positions in an ill-intended manner. We always seek juridical and moral support, and we always find it. Yesterday's elections are proof of this.

We thank all Guatemalans who supported this institution. We guarantee the TSE will continue to be — even after we are gone — a prominent and important institution, working to consolidate Guatemalan democracy. Thank you all. [applause]

URNG Issues Communique on High Abstention Rate

PA1101164996 Guatemala City SIGLO VEINTIUNO in Spanish 10 Jan 96 p 37

[FBIS Translated Text] Last night the URNG [Guatemalan National Revolutionary Unity] stated that the high abstention rate is a reason for concern that takes away legitimacy from the elections and warns the Guatemalan society and political parties that they should attempt to regain the voters' confidence.

The URNG gives its opinion in a communique regarding the meaning of the general elections. The URNG believes that it is very positive and significant that democratic, Mayan, and popular sectors, which make up the FDNG [New Guatemala Democratic Front], could express themselves and participate independently for the first time in 40 years.

The URNG concludes: It is impossible to talk about democracy when any force or sector is excluded for

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whatever reason. Despite the obstacles that were overcome and the limitations that were faced, the fact that the FDNG was formed and attained important posts at the elections is an advancement toward democracy.

URNG Accepts Alvaro Arzu's Victory

PA1101173096 Mexico City NOTIMEX in Spanish 0423 GMT 10 Jan 96

[FBIS Translated Text] Mexico City, 9 Jan (NOTIMEX) — The Guatemalan National Revolutionary Unity (URNG) today accepted the National Vanguard Party (PAN) and its candidate Alvaro Arzu as winners of the runoff presidential elections held on Sunday 7 January.

In a communique, the URNG reaffirmed its resolve to complete the Guatemala peace process and expressed its willingness to take part with flexibility in "all positive actions to achieve the great national agreement for which we all yearn."

The document stated that legal results were obtained despite the fact that the overall electoral process had serious failings, especially in legislative aspects, which made certain obvious triumphs impossible.

The URNG added that in view of this outlook, a situation of expectancy has been created that can only be resolved through practice and keeping to electoral promises. It also has created a commitment for the elected candidates.

The communique also mentioned that the country is amid a complex and delicate situation from the economic, political, and social point of view.

Nevertheless, the communique stated that if the new government has as its goal the willingness to move ahead toward a true democratization, it has a real possibility of carrying it out provided it acts with decisiveness and unity.

A line of negotiation such as was described on Monday by Alvaro Arzu when his victory was confirmed, the URNG described it as constructive and said that it is essential that it be put into practice together with "a commitment toward human rights and against impunity," as announced by the PAN candidate.

Human Rights Ombudsman Discusses Elections

PA0901235696 Guatemala City Televisiete Television in Spanish 1900 GMT 9 Jan 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Human Rights Ombudsman Jorge Mario Garcia made several remarks on the runoff elections.

[Begin Garcia recording] I am satisfied. The elections were free, transparent, and the Supreme Electoral Tribunal [TSE] played an excellent role as one of the organizations in charge of overseeing the elections, all of which I think was very correct. Guatemala has progressed in the past few years, but this is often overlooked. Political rights have changed. You will remember that, prior to 1982, elections were completely fraudulent, and the results were distorted. In the transition, however, we succeeded in establishing special mechanisms provided for in the new Constitutiion, like the TSE, which organizes the elections well.

There is one problem, however, and this is lack of participation. It is very serious because it delegitimizes the political system. I am concerned about the high rate of abstention in the elections. This is serious, because whichever government assumes office will be weak, not very legitimate, and will get scant support from the population. This is serious. There must be a reorganization in the country, and not only of the Army, as it is fashionable to say in Guatemala and abroad, but of all social and political sectors. I think this lack of participation in the elections should be seen as a wake-up call to the political class and political parties to reorganize more properly and present clear and sure offers to the population, so the Guatemalan people can be well informed and can choose between the candidates. Otherwise, there is danger, because political leaders and the people are too far removed from each other. This produces weak governments, which lack support and a consensus to carry out their own programs. [end recording]

Portillo Reacts to Power Outage at National Theater

PA0801035496 Guatemala City Cadena de Emisoras Unidas in Spanish 0255 GMT 8 Jan 96

[Report by Donald Gonzalez]

[FBIS Translated Text] Alfonso Portillo just reacted suspiciously and questioned the announcement made of a recent electrical energy power outage at the National Theater. However, let us listen to what he has to say:

[Begin recording] [Supporters] Portillo, Portillo, Portillo...

[Portillo] Listen everyone, we have to be prepared to go for broke for the good of country. We have just been informed that there has just been an electrical power outage at the National Theater.

[Supporters] No, no...

[Portillo] I am willing to lead any movement ...

[Unidentified supporter, interrupting] So are we!

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[Portillo, continues] ... willing to lead any movement within the ...

[Supporters, interrupting] [words indistinct]

[Portillo] We need to be calm and collected. However, I want you all to know this, and I am saying it right here to the media in front of whom I would like to acknowledge something: The media, maybe for the first time, have played a very balanced and objective role. They have opened themselves to all proposals and political parties. The media have not shown any bias and have not benefited any one candidate. Even though we have friends and they also have their friends, the media have conducted themselves with an objectivity that is impressive. They are the ones who are called to play a major role if there is any attempt to perpetrate any fraud or mock the Guatemalan people. I say this in front of the media with all the respect, appreciation, and recognition I feel for all of them. Listen carefully: I am prepared to lay down my life if they want to deceive democracy.

[Supporters] So are we!

[Portillo] It is high time they stop deceiving the people. It is time to put a stop to their arrogance, their misuse of power, their abuse of money, and for that military leadership that has manipulated the country to stop controlling everything. Let us hope they do not attempt anything. Let us hope. Let us not jump to conclusions, let us not precipitate ourselves. Let us take things calmly. However, let them know this: Let those enemies of democracy know that there will be no repeat of what took place in 1974. Democracy will not be cheated, and that we are willing to lay down our lives. [end recording]

We have just listened to Alfonso Portillo as he was addressing his supporters on the recent power outage that is taking place at the National Theater.

Copaz President Disagrees With Fixed Peace Schedules

PA1001030296 Guatemala City Televisiete Television in Spanish 1900 GMT 9 Jan 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Hector Rosada, president of the government's Peace Commission [Copaz], commented on the term set for peace negotiations by the recently elected Alvaro Arzu administration.

[Begin Rosada recording] I believe that a president can strategically set a timeframe to conclude this peace process. In this strategic proposal, however, one should take into account that historic experience tells us that every time we have set inflexible terms, these are not kept. I believe that to insist on a schedule or insist on unmovable timeframes is not the most appropriate measure. It is more important to try and strengthen the form and the mechanics of how the topics are handled.

We have three complicated topics pending. We have already removed seven topics from the schedule or the negotiating agenda, possibly the most difficult ones. But the three remaining ones are truly complicated. From the onset we made the mistake of believing that by setting a certain timeframe for each of the topics we were going to emerge at a predetermined time. Unfortunately, to reach that goal of complying with a fixed schedule, both sides have to be in agreement. I am sure that the URNG [Guatemalan National Revolutionary Unity] will say it is fine, knowing it is not going to comply. The URNG has disregarded the mutually-agreed schedules. In fact, the URNG scoffed at a schedule that the United Nations had practically imposed.

There have already been two consecutive times when the inflexible terms and fixed schedules have been disregarded. I believe that we now have to guarantee that the form and content of the topics be complied with in such a manner that these become part of the reinsertion process. For me the most important thing, more than setting flexible terms, is to demand a cease-fire. [end recording]

Israelis To Be Responsible for Arzu's Security

PA1101184496 Paris AFP in Spanish 1655 GMT 11 Jan 96

[FBIS Translated Text] Guatemala City, 11 Jan (AFP) — New Guatemalan President Alvaro Arzu will not live in the Presidential House and his security will be provided by a group of Israelis and not the Army, it was learned this Thursday in official circles.

Consequently, Arzu will break with a tradition of the three last civilian presidents who lived in the Government Palace, always subjected to the scrutiny of the Presidential General Staff of the powerful Guatemalan Army.

The very Arzu recognized that "I will not live in the Presidential House," in an interview with AFP before winning last Sunday's elections. This was confirmed this Thursday by a source of his party, the National Vanguard Party (PAN).

Meanwhile, it was also learned that Arzu's personal security will not be under the Presidential General Staff but under a corps of Israeli experts who accompanied him during his electoral campaign, which culminated with last Sunday's electoral victory.

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Daily Publishes President-Elect's Biographical Details

PA0901135696 Guatemala City PRENSA LIBRE in Spanish 8 Jan 96 p 3

["Curriculum Vitae of Alvaro Enrique Arzu Irigoyen"]

[FBIS Translated Text] He was born in Guatemala City on 14 March 1946.

He is married to Mrs. Patricia Escobar Dalton de Arzu.

He has seven children: Roberto, Diego, Marie Andree, Manuel Roberto, Maria, Alvaro Enrique, Isabel.

Government Sector Posts

1978-1981: Director of the Guatemalan Institute of Tourism, Inguat.

1986-1990: Guatemala City mayor.

Politics

Cofounder of the National Vanguard Party, PAN.

Mayoralty candidate in the March 1982 elections. (Although he won the elections, a military coup d'etat prevented him from taking office. He was offered the intendancy of the capital's municipality, but he rejected it out of respect for the country's institutions and the citizens who had elected him.)

Presidential candidate in the November 1990 elections.

Guatemalan foreign minister from 14 January to 23 September 1991, when he presented his resignation.

PAN secretary general from 13 October 1991 to 25 June 1995.

PAN presidential candidate for the November 1995 general elections.

Winner of the first round of the 12 November 1995 general elections.

Tax Increases Capture Greater Attention Than Elections

PA0701040096 Mexico City NOTIMEX in Spanish 0051 GMT 7 Jan 96

[By Herbert Hernandez]

[FBIS Translated Text] Guatemala City, 6 Jan (NOTIMEX) — The increase of the value-added tax (VAT), from 7 to 10 percent, caught the attention of the Guatemalan people this week, relegating to a second place the presidential elections scheduled for Sunday, 7 January.

The VAT increase, which went into effect on 1 January, was opposed by housewives, while labor unions and high school teachers threatened to stage the first strike of the year.

Price gouging with basic staples, which were in short supply in low-cost stores, forced outgoing Guatemalan President Ramiro de Leon Carpio to adopt urgent and, according to analysts, ineffective measures.

De Leon Carpio decided to provide a telephone number that the citizens could call to report price gougers, but according to the Economy Ministry, there are only four inspectors to verify the reports and check up on the thousands of stores in the country.

The president, who will turn over the presidency to the winning candidate, is studying the possibility of imposing maximum prices on family basket products in an attempt to avoid an immoderate increase in prices.

One of the products in short supply is propane gas because the VAT increase and a previous increase authorized by the government caused it to disappear from the market while store owners determine which price increase to apply.

The population is afraid urban transportation fares will be increased. The transportation sector says the fare hike is imminent. In addition, it is possible the increase will unleash violent street protests in the opinion of local analysts.

The growing discontent among the population as a result of the VAT increase constitutes since 1 January an element the two presidential candidates are trying to capitalize on.

Both Alvaro Arzu and Alfonso Portillo, candidates for the right wing National Vanguard Party (PAN) and the Guatemalan Republican Front (FRG), have said that if they win the elections they will abolish the measure during their first week in government.

Arzu said the day after he is sworn in, the PAN legislative bloc, which with 42 seats has a majority in the unicameral congress, will invalidate the VAT increase.

"We can do it because we have a majority in congress," Arzu said in one of his last campaign comments.

Meanwhile, General Efrain Rios Montt, retired, former de facto president, secretary general of the FRG, and congress president, offered to propose the reduction of the VAT in congress.

According to Portillo and Rios Montt, the VAT must be reduced because it adversely affects the poor Guatemalan population — more than 80 percent at a national level — while the powerful economic sectors in the country continue to evade taxes.

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The VAT increase was approved by the Guatemalan congress at the executive branch's proposal in order to have sufficient funds for the country's reconstruction after peace is attained.

The Guatemalan Government, the Army, and guerrillas are holding since April 1991, complex peace negotiations aimed at ending the war that has been adversely affecting the Guatemalan population for the past 35 years.

Statistics from the Finance Ministry indicate that the VAT increase will generate some 850 million quetzals (some $130 million), which the government that will be installed this month must invest in social projects.

Arzu and Portillo both agreed in pointing out that to obtain more funds it is not necessary to increase taxes, but establish mechanisms for a better collection of taxes and a more efficient investment.

Small-Scale Chinese Pea Producers Protest U.S. Restrictions

PA0701142496 Guatemala City PRENSA LIBRE in Spanish 5 Jan 96 p 8

[FBIS Translated Text] Hundreds of small-scale, Chinese pea producers threw 100 quintals of the legume in front of the U.S. Embassy yesterday in protest against the plant and animal health restrictions implemented by the U.S. Department of Agriculture since 13 November 1995.

The people who participated in this protest have said the restrictive measures imposed by the U.S. Government have already triggered a drastic drop in the internal price of the product, which has gone from seven and eight quetzales to 25 and 20 centavos per pound in the past months.

The representative of the Chinese pea producers has said the decrease in the internal price of the product negatively affects the income of almost 100,000 small-scale producers who, together, grow the pea on approximately 50,000 hectares distributed in the departments of Chimaltenango, Sacatepequez, Solola, Quiche, Quetzaltenango, Huehuetenango, Jalapa, and Baja Verapaz.

Felix Martinez, representative of the Magdalena Cooperative in Milpas Altas, Sacatepequez, has said exporters decreased the stock price as soon as the regulation to fumigate the shipments of Chinese peas coming from Guatemala was implemented.

Martinez has said the fumigation of the containers that carry Chinese peas from Guatemala has prompted the loss of approximately 60 percent of the exports.

When the product is fumigated it has to be taken out of the container, and the peas reach room temperature, causing dehydration and loss of the product; this process affects the small-scale farmer, because the exporter cannot pay him a fair price, he has said.

The representative of the small-scale producers in San Juan Sacatepequez has said producers are not even getting 10 percent of their production cost, which is estimated at between 1.60 and 1.70 quetzales per pound, with the current prices, because exporters are buying the product at 20 and 25 centavos per pound.

Roberto Guch Macario, representative of the Chinese pea producers in Chimaltenango, has questioned the legality of the plant and animal health restrictions imposed by the U.S. Department of Agriculture, because, according to him, the argument used by that government to stop the entry of Guatemalan Chinese peas is that the boring fly (*Liromiza Huidobrensis*) dwells in the country.

This is not justified, however, because the United States has the boring fly in its territory, and its presence has been established in California, Utah, and Washington, he has said.

He also has said the Guatemalan Government should protest before the White House to get it to eliminate the restrictions imposed on the product, because the country accrued approximately $50 million (300 million quetzales) in foreign exchange with the export of Chinese peas in 1995.

Guch Macario has said 90 percent out of the 50 million pounds of Chinese peas produced in Guatemala goes to the U.S. market, and the remaining 10 percent is exported to countries in the European Union.

We want the government to back us so the U.S. Government will listen to us, because it already has said several times it would resolve the problem, but, in practice, it does nothing, he added.

This is the second demonstration staged by Chinese pea producers in front of the U.S. Embassy in the past 30 days. It is the first time, however, they have thrown the product in front of the diplomatic office, imitating the protests of French farmers who were against European unification.

The report of the Organization for the Protection of North American Plants [Organizacion para la Proteccion de Plantas de Norte America], NAPPO, does not include the boring fly (*Liromiza huidobrensis*) in the A category, the section that classifies the plagues of the quarantine category, because the insect does not have infestation power due to its life cycle and characteristics.

According to the Guatemalan export sector, U.S. officials are fumigating all containers with Chinese peas

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coming from Guatemala before entering their territory, while containers coming from California, which have the boring fly problem too, can enter the market without any difficulty.

In this sense, the national pea industry is once again asking the U.S. Government to treat the Guatemalan product fairly, because there are more than 200,000 people in the country who make their living by growing and exporting Chinese peas. In addition, Guatemalan peas are bought at $2 (12 quetzales) per pound after fumigation, while Chinese peas from California have managed to get prices of up to $12 (72 quetzales) per pound.

Honduras

President Says Court of Appeals Acted Correctly

PA0601223696 Panama City ACAN in Spanish 0145 GMT 6 Jan 96

[FBIS Translated Text] Tegucigalpa, 5 Jan (ACAN-EFE) —Honduran President Carlos Roberto Reina said today that the First Court of Appeals had "acted correctly" in accepting three writs of amparo in favor of 10 Army officers accused of the temporary disappearance of six students in April 1982.

Reina's opinion did not surprise Hondurans because the president had stated previously that the amnesty laws of 1987 and 1991 benefited the officers accused of the crimes.

"I believe the court has done the right thing. One can argue in any forum that that was the intention of the amnesty at a time when the Honduran family had to be reunited. Political acts were overlooked to reunite the Honduran family," the president, who is an acknowledged defender of human rights, stressed.

Reina, a former president of the Inter-American Human Rights Court, said that amnesty did not include crimes which did not fall specifically within the political arena, and that the First Court of Appeals "had acted correctly as an independent power, and had performed its duty within its jurisdiction."

The president was questioned in December for affirming that the amnesty laws favored the Army, which pleased the Armed Forces' high command.

The military claims that the accused officers are protected by the two amnesty laws. This is rejected by a number of human rights organizations, including National Human Rights Commissioner Leo Valladares, who issued a report in December 1993 which documented the disappearance of 184 persons in Honduras during the 1980's.

The president said that the missing persons issue is "complicated," and that we have to put behind us a period which hurts and torments us."

In the president's opinion, those persons who are excluded from amnesty will have to face legal charges, which in Reina's opinion implies a step toward the reconciliation of Honduran society.

Reina asked the relatives of the missing persons "to have faith that my position is compatible with what I have defended all of my life" (human rights).

"Honduran society must be reconciled. The remains of the victims must be found and a large monument built for them; a monument where their names will render testimony to this reconciliation, where their relatives may offer their prayers and indemnify the families of the missing persons." Reina stressed.

In the case of the 10 officers accused of the disappearance of the six students after the resolution of the First Court of Appeals, what remains is the decision of the Supreme Court of Justice to be revealed next week.

Reina on Court Ruling Regarding Military Officers

PA0901015496 Tegucigalpa LA TRIBUNA in Spanish 6 Jan 96 p 27

[FBIS Translated Text] "The Court has done the right thing, it has fulfilled its duty," President Carlos Roberto Reina said last night in connection with the ruling issued by the First Court of Appeals. The court admitted three amparo writs submitted by lawyers on behalf of military officers who are charged with the temporary disappearance of various university students in the last decade.

The president explained his position immediately afterwards by saying he stated his opinion in this concern, as a Honduran citizen, because he believes the court has done the right thing; adding it is an opportunity to achieve the Honduran family's reconciliation." [quotation marks as published]

In his opinion, any forum may argue this was the intention at a time when a reconciliation was necessary in Honduras. He remarked: Political issues were abandoned to reconcile the Honduran family. This does not include crimes that fall within what is strictly a political category.

In his statements to justify the ruling that, in his opinion, should be respected by all, he emphasized: "The court has done well; it is an independent branch and it has fulfilled its duty within its area of authority."

Referring to what will happen after the ruling, Reina said the problem is complex because it is necessary

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to close a phase that anguished everyone and causes worry; and those who are excluded from this amnesty will eventually have to face justice.

Following the ruling, Reina told relatives of missing people that he will compensate them; adding that they should trust "that his position is congruent with what I have defended all my life: The Honduran society must reconcile itself; the victims' bodies must be found and we must build a mausoleum, where their names will be the testimony of that reconciliation and where their relatives may go pray."

The president disagreed with the statements given by National Human Rights Commissioner Leo Valladares, who did not rule out the possibility of taking the case to the Inter-American Human Rights Committee (CIDH).

"If anyone wants to take it, he should take it to the CIDH, which is headquartered in Washington. That is the first instance. If it is found that a resolution violates the San Jose Pact, it should be turned over to the court."

For Reina, this is the state of the law, the enforcement of the law, and the reply from a jurisdictional branch on a very critical problem. "We must all get used to this state of the law and respect the ruling," he said.

The president gave the statements last night at a year-end mass in San Juan Bosco Church. The mass was attended by most of the cabinet members and the diplomatic corps accredited to Honduras.

Foreign Minister Views Border Conflict With Nicaragua

PA0901151496 Tegucigalpa LA TRIBUNA in Spanish 6 Jan 96 p 3

[FBIS Translated Text] A few minutes before leaving for Italy, Honduran Foreign Minister Delmer Urbizo Panting accused Nicaraguan authorities of trying to cover up the illegal raid in Honduran territorial waters by stating that now they recognize the sea border between both countries as being at parallel 17.

He emphasized, so that there be no doubt abroad or within the country, "that we consider parallel 14.59.08 as the traditional and historical maritime dividing line with Nicaragua." The foreign minister said Honduras has historically had friendly relations with its neighbors and has tried to resolve problems in a friendly manner and in accordance with international law. Thus, in this case, he added, they will first exhaust diplomatic measures.

Urbizo recalled, however, that when these measures were not productive, Honduras has gone to corresponding international bodies. As an example, he mentioned the land delimitation with Nicaragua and El Salvador that was resolved by a decision of the king of Spain.

In his opinion, "a small country has to use diplomatic weapons so as to further its national interests and get them to prevail. In this case, it is very important for Hondurans to realize that such situations have to be handled objectively and correctly." He clarified that the Honduran Government is presenting the case forcefully, not because it anticipates greater conflicts but because it has to highlight the controversy in its just dimension "because the Hondurans who were seized were injured, and we cannot allow this."

Measures To Be Adopted

Delmer Urbizo announced that government, military, and civilian authorities will hold a meeting to study the case with Nicaragua at the Foreign Ministry next Monday. At the meeting, they will discuss with the Honduran Navy the actions that need to be taken in the border area. He pointed out that the letter he sent to his Nicaraguan colleague warned of the risk of not holding the binational commission's meeting, which is to be attended by the maritime subcommissions, scheduled to be held on 22 and 23 January. In this respect he explained that the border issue is in the negotiations agenda, but that the Honduran position is clear and backs the parallel that has historically and traditionally been respected by both countries.

Always on the Nicaraguan case, he clarified that at no time has he said he would leave the case at the International Court of Justice in The Hague, the Netherlands, because, for the time being, the government believes it is best to negotiate the best terms with the Nicaraguan Government.

The Honduran foreign minister traveled to Italy yesterday to participate in the signing of the Development Program for the Displaced, Refugees, and Repatriated People in Central America (PRODERE) [Programa de Desarollo para Desplazados, Refugiados y Repatriados en Centroamerica] with the secretary general of the UN Development Program (UNPD).

He, however, reported that as the PRODERE representative he will ask both the UNPD and the Italian Government to continue to back the refugee programs in Central America.

He recalled that the Italian Government confirmed its support of PRODERE in 1989 by granting $115 million. The Foreign Ministry stressed that it is important to get this cooperation to be able to attend to problems that will arise with the implementation of The Hague ruling and the situation resulting from the demining of the border area with Nicaragua.

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He explained that this is part of the effort he is furthering to continue to find solutions for the refugee problems. He added that the reasons for the conflicts in Central America are still latent and that they must try to protect the democracies and get international cooperation.

Minister: Nicaragua Endangers 'Friendly Relations'

PA0701015196 Mexico City NOTIMEX in Spanish 2054 GMT 5 Jan 96

[FBIS Translated Text] Tegucigalpa, 5 Jan (NOTIMEX) — Honduras cautioned today that Nicaragua has endangered the traditionally "friendly relations" that have prevailed between the two countries with a sea incident and reiterated that Honduras's border in the Caribbean is Parallel 14.59.08.

On 17 December, Nicaragua's Navy captured three ships with 109 fishermen who were operating in Honduran waters, north of the mentioned parallel, according to the Tegucigalpa version, which has been reiterated by Foreign Minister Delmer Urbizo Panting.

In a letter to his Nicaraguan counterpart, Ernesto Leal, Urbizo states: "My government wants to have on record that it views this incident as an unfriendly action that could negatively affect the fraternal relations that exist between our countries."

In the letter, Urbizo commented in an unusually strong manner that with this kind of attitude Nicaragua is also endangering the meetings of the Binational Commission created to resolve problems between the two countries.

This is the second letter Honduras has sent Nicaragua to protest actions that "violate national sovereignty," Urbizo stated.

On 20 December Managua sent a letter to the Honduran foreign minister to answer the first protest note from Honduras.

Urbizo said that investigations have established that the Nicaraguan Navy treated the captured fishermen inhumanly and that they were the object of an "unjustified aggression with heavy weapons." In addition, dozens of divers and fishermen were abandoned in the high seas and thus were "exposed to imminent death," an attitude contrary to international norms, aggravated by the fact that their ships had been seized, Urbizo noted.

He stated: "This aggression took place in waters that traditionally have been acknowledged as under Honduran jurisdiction, north of Parallel 14.59.08, this being the first time that Nicaraguan naval authorities admit they have gone north of the 15th Parallel."

The official said that an effort has been made "to cover up an illegal incursion in Honduran waters," but the Nicaraguan authorities have assured that the events took place in Nicaraguan Atlantic Ocean waters.

Urbizo demanded that Nicaragua return the ships Mustang, Arnold, and Pawanka. One of these ships belongs to a local police chief. The boat-owners have charged that Nicaragua is demanding that each of them pay a $50,000 fine.

The Honduran foreign minister explained that the return must include the electronic equipment, fishing gear, fuel, and the product of the fishing, all this without the payment of any fine since "this imposition results from an act of force."

The Honduran statement came after his Nicaraguan counterpart affirmed that the Nicaraguan sea border on the Atlantic extends to Parallel 17.

Urbizo said that historically, the borderline has been south of Parallel 15.

Urbizo said that in an effort to overcome the incident, the Binational Commission plans to meet on 22 and 23 January at a yet undetermined place and announced that at this meeting his country will defend its geographic position in the Caribbean.

Urbizo explained: "We are thinking seriously about using historic precedents, such as the 1906 King of Spain decision. (These borders) are natural lines. They are unwritten, but they are respected."

Urbizo noted that Honduras will continue using a strong tone "to defend our interests," but discarded that this would create situations that could aggravate the border conflict. "We cannot allow aggressions," he explained.

The minister said that all efforts will be made at a binational level first to try to resolve the problem and discarded that any thought has been given at this moment to resorting to the International Court of Justice of The Hague.

Inflation Reportedly Worst Punishment for Hondurans

PA0601041296 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 5 Jan 96

["Financial Monitor" segment with Danilo Antunez from the "This Very Day" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Inflation, meaning the high cost of living, has become the worst punishment for the Honduran people. The Central Bank of Honduras [BCH] directorate approved today the consumer price index for 1995.

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It was confirmed by Deputy Finance Minister Ramiro Lozano Landa that the inflation rate registered almost 30 percent last year.

[Lozano] "Following the report we received, the consumer price index rose to 29.5 percent. This is the annual percentage."

This inflation worries some businessmen, whose representatives in the BCH directorate will demand an explanation from the economic cabinet, it was announced by Juan Antonio Bendeck, representative of this influential sector in the organization.

[Bendeck] "Directorate members who represent the private sector and influential sectors today formally requested a meeting with the economic cabinet to amply discuss, in a special session rather than a normal BCH session, the government's economic program. We want to conduct an in-depth analysis of the IMF's true demands and learn the reality of our current situation."

Nevertheless, economic cabinet members have a simple explanation to the inflation problem — what the country needs is to produce more, Finance Minister Juan Ferrera said.

[Ferrera] "The Honduran people will eventually realize that we will solve the inflation, devaluation, and cost of living problem by working more and producing more."

Fellow citizens, work for Honduras!

Panama

Sources Reveal U.S. Might Ask for Mizrachi's Removal

PA1201194396 Panama City EL SIGLO in Spanish 12 Jan 96 p 10

[Report by Jose Gonzalez Batista]

[FBIS Translated Text] The U.S. Government might ask the Panamanian authorities to remove businessman Moises Mizrachi from the Panama Canal Board of Directors as he is facing actions that would tarnish the image of such a prominent position.

Yesterday, an anonymous, high-ranking diplomatic source told EL SIGLO about the possibility that in the coming days, the United States will issue a statement regarding Moises Mizrachi's position on the Panama Canal Board of Directors.

The government of U.S. President Bill Clinton would reportedly ask President Ernesto Perez Balladares to remove Mizrachi because of a number of reports and documents on his actions and pending cases with the local justice system.

The source indicated that after Mizrachi's appointment by President Perez Balladares, the U.S. authorities took awhile to approve Mizrachi's appointment in the said post.

In the past years, businessman Mizrachi has been mentioned in several criminal and civil actions on the alleged crimes of kidnapping, forging of public documents, fraud, and appropriation of assets, among others.

Several businessmen from the Colon Free Zone and Panama City have filed many suits against Mizrachi dealing with property disputes and private accusations.

Mizrachi was presumably linked to Janeth Pineda, former head of Liaison of the DIIP [Police Investigation and Information Department], and other members of the National Police in a case dealing with the alleged kidnapping of businessman Didio Gomez in the town of Divisa.

This week, the Attorney General's Office in Colon Province ordered Mizrachi's arrest. Mizrachi has been accused of forging public documents to the detriment of more than 20 businessmen and civilians.

Colon's First Circuit Court Prosecutor Manuel A. Sucari, via a resolution issued on 4 January 1996, ordered the arrests of Mizrachi and his secretary Ida Esperanza Dominguez Castillero, both accused of allegedly altering public deeds.

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Argentina

Argentine Troops To Join UN Peacekeeping Forces in Slavonia

PY1201130696 Madrid EFE in Spanish 1618 GMT 11 Jan 96

[FBIS Translated Excerpt] Buenos Aires, 11 Jan (EFE) — Foreign Policy Under Secretary Guillermo Gonzalez today emphasized that Argentina would send troops to join the UN peacekeeping forces in eastern Slavonia, a Croatian territory occupied by the Serbs.

Gonzalez added that the Argentine Government would also send border police (militarized border police) to join the international security force that will be formed in Bosnia.

Argentine media have been emphasizing over the past few days that French General Bernard Janvier, chief of the UN peacekeeping troops in Slavonia, had raised the inappropriateness of sending Argentine troops to Slavonia due to the rejection of the Serbs.

The federal courts of Buenos Aires are investigating the traffic of Argentine arms to Croatia, violating a UN ban.

Gonzalez emphasized: "No objections have been raised; quite the contrary, the United Nations has sent another solicitation for Argentine military personnel to participate in those operations." He indicated that the United Nations "would decide over the next few days the role" that the UNTAES (United Nations Transition Administration for Eastern Slavonia) would play. [passage omitted]

Gonzalez explained: "Various alternatives are being considered, depending on the role that the Argentine military personnel would play."

Gonzalez emphasized that the United Nations had solicited border police for Bosnia, as the United Nations "is interested in these border police joining the International Police Task Force" that will be established there.

Gonzalez emphasized: "Both the Border Police and the Armed Forces Joint Staff already have given their approval and we will inform the United Nations that we are in a position of participating."

Justice Minister Comments on Falklands' Peace

PY1201001296 Buenos Aires CLARIN in Spanish 9 Jan 96 p 9

[Commentary by Justice Minister Rodolfo Barra: "Peace Is the Fruit of Negotiations"]

[FBIS Translated Text] Ever since he came to power in 1989, President Carlos Menem has maintained that his administration's foreign policy stresses freedom, democracy, respect for the principles of international law, and people's rights.

It was thus unavoidable for his administration to make every effort to resolve one of Argentina's most grave foreign policy problems: The dispute over the South Atlantic islands.

Argentina's insertion into the world of those principles could not fully be achieved unless there was a serious attempt to achieve a negotiated peace.

Within this framework, the content of the Argentine-United Kingdom Joint Declaration of 27 September 1995 is easily explained and justified. We would like to recall here some of the essential points of that declaration.

1. The declaration set the groundwork for a cooperation agreement between our country and the United Kingdom "to encourage offshore activities in the southwest Atlantic" which, when referring to oil, must be carried out "according to solid commercial criteria through policies in accordance with oil industry practices."

2. The document created a joint commission comprising delegations from both countries. The commission was instructed to meet at least twice per year to discuss norms to preserve the environment, to coordinate join activities in an area of about 3,500 square km, and to promote the exploration and exploitation of oil in offshore areas in the southwest Atlantic, a zone that is affected by a sovereignty and jurisdictional dispute.

The administrative measures that each government had to implement to regulate the activities of companies exploring for oil in the areas in question had to be tied to the sovereignty formula established in Article 1 of the Declaration. In this article both parties accepted the sovereignty formula established in the Joint Communique (Madrid, 19 October 1989). The formula, therefore, was made applicable to the Declaration and its results.

As a result of this, it was established that nothing in the content of this declaration or of any other similar declaration or meeting could be interpreted as a change, recognition, or support for the positions held by the United Kingdom and Argentina on the issue of their sovereignty on the territorial or oceanic jurisdictions of the Malvinas Islands, South Georgia, South Sandwich Islands, and surrounding ocean zones.

Accordingly, the declaration established in its second item that no act or activity carried out by the Argentine Republic, the United Kingdom, or a third party as a result or during implementation of what is agreed in the declaration, or other similar documents or meetings, will constitute grounds to affirm, support, or deny the

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position of either party on the issue of sovereignty or jurisdiction mentioned above. This item also established that the areas under dispute could not, in any way, be extended as a consequence of this declaration or its implementation. As it is usual in international negotiations, the issue of sovereignty was placed in parenthesis.

Just as so often happens in a person's life, unpleasant realities are the most difficult to accept. In our case this reality involves the need to become politically and socially aware of the de facto control that the United Kingdom exercises over the Malvinas Islands, a control that was extended and enlarged after 1982.

The recognition of this reality, however, does not challenge Argentine sovereignty rights — from a legal point of view — over the islands, which have never been surrendered. Proof of this is the fact that Law 24543 — which approved the UN Convention on the Law of the Sea and the Agreement Relative to the Application of Part XI of the Convention and which was promulgated a few days before the release of the Joint Declaration and has still not been ratified — contains declarations and reservations on the issue which clearly and to a large extent point at safeguarding Argentine rights.

The declaration is broad enough to place the Joint Commission in a state of permanent negotiations in order to define and distribute activities based on needs.

It is difficult to predict the future of the conflict zone. History has taught us, however, that often an increase in commercial relations produces multiplying cultural effects that keeps the more feared process of war at bay.

Argentina and the United Kingdom — beyond regulations and circumstantial definitions — are slowly approaching a stage where a just solution, and peace, is possible within this dispute.

Official Television Channel Changes Frequency

PY0501120896 Buenos Aires TELAM in Spanish 1916 GMT 3 Jan 96

[FBIS Translated Text] Buenos Aires, 3 Jan (TELAM) — It was officially announced today that ATC SA Channel 7 will now transmit on Channel 4. It was formally confirmed that German Kammerath has been named as the channel's supervisor.

The government also authorized the Federal Committee for Broadcasting (Comfer) to call bids for the license to install, run, and exploit a television station on the Channel 7 frequency.

A communique issued today by the Press Under Secretariat states that these measures are implemented through Decree No. 1022 that was signed by President Carlos Menem, Cabinet Chief Eduardo Bauza, Economy Minister Domingo Cavallo, Interior Minister Carlos Corach, and Foreign Minister Guido Di Tella.

The decree states that the executive branch ordered the station of the Official Broadcasting Service (SOR) of ATC SA LS 82 TV Channel 7 SA to be transferred to ATC SA LS 82 TV Channel 4.

The SOR "will operate under the technical conditions established by the National Telecommunications Commission in accordance with current international agreements."

The decree states that "ATC SA must modify or replace the transmitting and antenna equipment so that it can transmit on the new frequency that has been assigned to it. ATC SA will continue to transmit provisionally on Channel 7."

The decree states that the repeater stations of ATC SA LS 82 TV Channel 7 will as of today begin to transmit as repeater stations of ATC SA LS 82 Channel 4.

The communique clarifies that "Comfer will decide" on those repeater stations "in order to fully comply with Paragraph No. 3 of Clause A of Article No. 33 of Law No. 22285," which regulates radio broadcasting in Argentina.

Finally, Comfer is authorized "to draw up the necessary documents containing the general and particular conditions that will rule the calling of bids" for the Channel 7 frequency.

Government Official Defends Change

PY1101154896 Buenos Aires TELAM in Spanish 2112 GMT 10 Jan 96

[FBIS Translated Text] Buenos Aires, 10 Jan (TELAM) — Felix Borgonovo, secretary for legal and technical affairs, today noted that the change in Channel 7's frequency to Channel 4's frequency would not be detrimental to Uruguay, as it does not violate current international standards.

Borgonovo told TELAM: "Before promulgating Decree No. 1022 (reassigning the Channel 4 frequency to ATC), the government took into account a National Telecommunications Commission survey, guaranteeing that it would not affect the Uruguayan radio wave spectrum."

Borgonovo noted that, through technical projections and "using the appropriate antennas for this change, the international standards will not be violated."

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Borgonovo added that the decree states that "it is necessary to modify or replace the transmitting and antenna equipment so that it can transmit on the new frequency that has been assigned to it."

The Uruguayan Foreign Ministry this morning sent a note to the Argentine authorities, asking the Argentine Government to reconsider its decision of changing the Channel 4 frequency assigned to Argentina Televisora Color (ATC), "as it understands that this action does not conform to current international standards."

Foreign Ministry Plays Down Possibility of 'Arafat Visit

PY1201122596 Buenos Aires TELAM in Spanish 2107 GMT 11 Jan 96

[FBIS Translated Text] Buenos Aires, 11 Jan (TELAM) — Foreign Ministry sources today played down the possibility of Palestinian leader Yasir 'Arafat visiting our country during 1996. They reported that the invitation was issued by Foreign Minister Guido Di Tella in July 1994.

Foreign Ministry sources told TELAM: "In April 1994, Di Tella conveyed to 'Arafat (President Carlos) Menem's invitation."

The sources noted that Di Tella met the Palestinian leader in April 1994 in Tunisia and again in July 1995. On both occasions the Argentine foreign minister reportedly conveyed to 'Arafat Menem's invitation for visiting Argentina, the sources said.

Even though the sources admitted "the probable hypothesis" of 'Arafat visiting our country sometime this year, they indicated that a date has not been established and the Palestinian leader could also visit Argentina later on.

The sources reported that the visit "is not on the official agenda," but admitted that "at this time of the year agendas are being drawn up and some visits already have been outlined while others are being considered."

The sources noted that there was even a possibility of 'Arafat visiting Argentina last year, as he had scheduled a trip for mid-October, but the visit could not take place because of agenda problems.

The announcement of the possibility of 'Arafat visiting our country in 1996 was made yesterday by Suhuail Hani Akel, the new Palestinian National Authority [PNA] diplomatic representative in Buenos Aires.

Akel made remarks yesterday while announcing a resolution issued by the Argentine Foreign Ministry, granting the PNA 'liaison office' in Buenos Aires the status of diplomatic mission, similar to the one granted to international organizations.

State of Mercosur Trade Discussed

96SM0037A Buenos Aires LA PRENSA in Spanish 17 Dec 95 p 2

[Article by Daniel Victor Sosa: "Mercosur Surges, and They Say This Is Just the Beginning"]

[FBIS Translated Text] Argentine trade with Mercosur [Common Market of the South] will hit $12 billion this year, up fourfold from the beginning of the decade, even though one-fourth of the goods being traded are still protected by various mechanisms and are thus not exchanged freely. Experts warn that nontariff barriers will expand.

The numbers are impressive: this year trade between Argentina and its three partners in Mercosur (mainly Brazil) will approach $12 billion. Just one year ago it was a little over $8.5 billion. And in 1991, when stability returned to Argentina after a long period of inflation, trade was ridiculously meager: $3.7 billion.

What happened in the meantime is well known. The free-trade zone made rapid progress and became an "imperfect customs union." This week, in fact, marks the first anniversary of the Ouro Preto accords, and businessmen, officials, and experts agree the outlook could not be more promising.

They enthusiastically assert that it should be no surprise that the volume of trade has increased 4.6-fold in just five years, inasmuch as this pace can be maintained for a long time. Wishful thinking or a prediction based on sound reasoning? To be sure, businessmen and analysts remark, the potential depends on consolidating stability (particularly in Brazil) and on slowly but surely increasing output in the main partners in the customs union.

What Lies in Store

The optimists' main argument is that the current boom has occurred even though no advantage has been taken of major business opportunities. In fact, talk has not yet even begun on key aspects of global markets, such as trade in services and participation in government purchases. The potential in some very important areas is not even being fully utilized, although, since 1 January 1995, a common external tariff has been officially in effect for almost 88 percent of all goods.

The sectors that have been excluded temporarily from free trade (sugar, automobiles, capital goods, computers and/or telecommunications) and the goods included on

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the national lists of exceptions make up the remaining 12 percent, which nevertheless accounts for one-fourth of regional trade.

"This is tantamount to saying," Jorge Herrera Vegas, one of the Foreign Ministry's negotiators, clarified, "that items whose import and export accounts for one of every four dollars in the Mercosur trade balance remain protected."

The current situation looks like this:

—The external tariff will be 14 percent for capital goods in the year 2001.

—The common external tariff will converge at 16 percent for telecommunications and computer products in 2006.

—The adjustment regulations provide for a limited number of exceptions exempting "sensitive" products from free trade until 1999 (in Argentina and Brazil) or until one year later (for Paraguay and Uruguay).

—The national lists can include a maximum of 300 items per country until 2001 (399 categories until 2006 for Paraguay).

—Last June Brazil temporarily expanded its list by 150 products.

—Argentina, in turn, temporarily reestablished the three percent Statistics Tax, for fiscal reasons.

Roberto Bouzas, a Flacso (Latin American Department of Social Sciences) researcher and student of the integration process, believes, however, that the future problems in trade will not be concentrated in these areas.

Other Barriers

The point is that norms have already been established for tariff matters, which will thus be the easiest to address. In contrast, Bouzas noted in a recent study conducted in collaboration with Hernan Soltz, "nontariff restrictions offer greater difficulties owing to their lack of transparency and to the changes in domestic legislation and regulations that normally require the implementation of harmonization or phase-out accords."

Bouzas regards it as "foreseeable" that nontariff barriers "will become more important as tariffs are phased out." Such barriers will thus not only become more visible, but also, "as international experience shows, will probably begin to be used more often to counter the effects of reducing tariff protection."

The Mercosur countries have already eliminated a major number of such restrictions during the transition period. But the process is far from over. The efforts of the technical committee set up to oversee the process of identifying, eliminating, and if possible, harmonizing these barriers are moving forward at a slow pace.

The experience of Europe in this regard is not encouraging. For instance, the harmonization of technical standards seems to be a practically unending task. Therefore, a decade ago the then EEC began applying the principle of "mutual recognition."

Nonetheless, Bouzas says, in order to implement this procedure properly, there must be some prior convergence of standards, practices, and above all, policy goals. Moreover, we must bear in mind that we are dealing not just with existing measures (already identified or soon to be) but also with new, ongoing actions.

Unfair Trade

In addition, free access to the regional market also requires an effective mechanism to prevent unfair trade practices or at least to ensure that defensive measures (mainly compensatory or antidumping fees) are not implemented for protectionist purposes.

The problem is that "the absence of parameters in certain cases of controversy could lead to a dead end," in Bouzas' words. If the process of identification/harmonization takes too long, one solution would be an arrangement like the two-nation panels set up under NAFTA [North American Free Trade Association].

In the meantime, in keeping with the goal of unifying the market, the Mercosur countries decided to replace national antidumping legislation with a mechanism for defending against competition. This year the respective technical committee hammered out a draft protocol that it sent to national legislatures. It was not implemented, however, owing to the lack of specific legislation in Paraguay and Uruguay.

This issue is one of the many pending. In any event, as Jorge Campbell, the secretary of international economic negotiations, often admits, more trade in Mercosur will also mean a "gray area" of conflicts. But such frictions will in no way overshadow the very broad benefits of trade that will expand more than 10-fold during the decade.

Argentina's Trade Balance With Mercosur

1990: $999.3 million 1991: $238.9 million 1992: -$1.3494 billion 1993: -$344.7 million 1994: $19.8 million 1995 (nine months): $1.7451 billion

Source: National Institute of Statistics and Census

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Exports Up: Trend in Sales to Mercosur January/ September 1994/95

Processed Agricultural Products, up 83.3 percent Industrial Goods, up 82.6 percent Raw Materials, up 41 percent Fuels and Energy, up 25 percent Overall Total, up 62 percent.

Brazil

Cardoso: Differences Among Ministers Need Not Be Publicized

PY1101134096 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 11 Jan 96

[FBIS Translated Text] There is no need to make the differences of opinion among the cabinet members public, President Fernando Henrique Cardoso said yesterday through his spokesman, Ambassador Sergio Amaral. The president said that differences of opinion within the cabinet are normal, but it is not necessary that they be made public. Such was the answer of the president of the Republic to the criticisms made by Agriculture Minister Jose Eduardo Andrade Vieira to the government economic policy of high interest rates and credit restrictions. Amaral said that the president recognizes that high interest rates harm sectors like the farmers, so this is why the economic team is studying the reduction of interest rates and even the elimination of the TR [Reference Interest Rate].

The president yesterday also expressed his views on health. Cardoso defends the CPMF, Provisional Contribution on Financial Operations, to collect funds for the health sector. Cardoso intends to support the congressional leaders on this subject. The administration understands that health needs more funds, but it has yet not found an alternative for solving the problem. President Cardoso expressed his solidarity to Health Minister Adib Jatene, who yesterday visited Planalto Palace.

Jatene said that the slowness of Congress to approve the CPMF represents a 3 billion real [R] reduction in the R6 billion budget of the Health Ministry for 1996. According to Jatene, if the CPMF is approved in February it will only be able to be collected by the end of May or beginning of June. He recalled that the CPMF is included in the 1996 budget bill, and that without it, he wants to know where the money will come from.

Deputy Says Raytheon Overbilling Sivam by 55 Percent

PY1201023796 Sao Paulo AGENCIA ESTADO in Portuguese 2225 GMT 11 Jan 96

[FBIS Translated Text] Brasilia, 11 Jan (AE) — Deputy Arlindo Chinaglia (PT-SP) [Workers Party-Sao Paulo] today charged that the prices quoted by Raytheon for the Amazon Region Surveillance System (Sivam) equipment represent an overbilling of 55 percent. Raytheon is charging the Brazilian Government $1.4 billion for the equipment which, according to Chinaglia, could be purchased for $925 million. He did not submit any proof, nor did he give details of a survey he claims to have conducted among 23 Brazilian and foreign companies in the United States, France, and Switzerland.

Chinaglia hopes the administration will challenge his survey in order to substantiate his figures. He said: "The Raytheon contract is an act of robbery against the public coffers." He said he intends to submit evidence of his allegations if the Senate chooses to ignore his figures and approves the Sivam project by authorizing the disbursement of funds for Raytheon.

It was Chinaglia who raised the charges that provoked the disqualification of ESCA [Automation and Control Systems Engineering] from the Sivam project in May 1995. ESCA had forged payment certificates issued by the National Social Security Institute (INSS). Chinaglia said that the price survey was conducted "by prominent individuals," including Brazilian scientists, based on parts available at Raytheon's Sivam subsystems. Last week, Chinaglia requested that the Brazilian Society for Scientific Development (SBPC) assess his price survey. He said that the SBPC concluded that the overbilling amounts to 40 percent.

Chinaglia stated that the equipment for data processing and visualization subsystems can be purchased for $130 million, but Raytheon is charging $151 million for it. He said he has arrived at these figures through surveys conducted at the National Institute of Space Research (INPE), IBGE [Brazilian Institute of Geography and Statistics], and Embrapa [Brazilian Agriculture and Livestock Research Enterprise], and in companies such as Hobeco, IBM do Brasil, HP, Oracle, and Sun. He added: "One must take into account that Raytheon is not an equipment manaufacturer, but just a company operating as an intermediary."

Senate Leaders Vow To Vote on Sivam by 7 Feb

PY1201001396 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 11 Jan 96

[FBIS Translated Text] President Fernando Henrique Cardoso today met with congressional allies in an attempt to end their criticism of his administration, but cabinet ministers were again criticized.

This time the criticism came from abroad, from a dissident member of the PSDB [Brazilian Social Democracy Party]: Former Finance Minister Ciro Gomes, who

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charged that overbilling occurred in Eletronorte [Northern Brazilian Electric Power Plants, Inc.] and that corruption prevails in the health area.

[Begin Gomes recording] Although Health Minister Adib Jatene and President Fernando Henrique Cardoso deny it, corruption is part of the Health Ministry structure. It is corrupt. [end recording]

Senators complained because the administration has not answered their criticism. The only one who defended the administration was Communications Minister Sergio Motta, a PSDB minister.

[Begin Motta recording] This is the type of government in which the president is extremely strong and it is he who inspires his ministers to work. [end recording]

The vote on the Provisional Contribution on Financial Operations [CPMF], which would have brought relief to health coffers, has already been disregarded. The PFL [Liberal Front Party] has stated that it will not approve the CPMF. Failure to pass this bill alone will cause the administration a loss of 7.5 billion reals.

The political result of today's meeting is positive. Members of the high command of opponents in Congress were invited to Alvorada Palace. Leaders of allied parties at the Chamber of Deputies arrived early; the morning coffee was bittersweet; and the mood was one of widespread dissatisfaction.

PFL leader Inocencio Oliveira said: We cannot guarantee a united PFL vote on the issues. He added: The president is good, but the ministers are bad. This remark was endorsed even by PSDB lawmakers.

President Cardoso went right to the point. He said he is not going to replace any cabinet minister, but promised to demand that they accord a decent treatment to congressmen.

President Cardoso also lunched with Senate bloc leaders, who assured him that they will vote on the Sivam [Amazon Region Surveillance System] by 7 February.

Government Ends Trade Embargo on Former Yugoslavia

PY1201023596 Sao Paulo AGENCIA ESTADO in Portuguese 2213 GMT 11 Jan 96

[Report by Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 11 Jan (AE) — The Foreign Trade Secretariat of the Industry, Commerce, and Tourism Ministry (Secex/MICT) today repealed Resolution Decex 15, dated 25 June 1992, which had imposed a trade embargo on the former Republic of Yugoslavia. In 1992, the UN Security Council decided that all UN member countries should adopt an economic boycott against Yugoslavia in an attempt to halt the genocide of civilian populations in the conflict involving Serbs, Croats, and Bosnians.

The Brazilian decision to end the trade embargo on the former Yugoslavia is in keeping with Resolution 1022, dated 22 November 1995, issued by the UN Security Council. Since the signing of a peace accord among the warring factions, the United Nations has gradually eliminated the barriers imposed on the former Yugoslavia to force it to normalize relations with the republics that emerged after the civil war.

Agriculture Minister Denies Criticizing Economic Team

PY1101123196 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 11 Jan 96

[FBIS Translated Text] Yesterday in Congress, Agriculture Minister Jose Eduardo Andrade Vieira denied that he had criticized the government economic team. In an interview published by the CORREIO BRASILIENSE daily, Minister Vieira held the Finance Ministry and Central Bank responsible for the general insolvency of some sectors of the economy. The minister even said in the interview that the economic team exaggerated the restrictions on credits to consumers and the excessively high interest rates.

In Congress, Minister Vieira claimed that he only evaluated the economic performance of 1995.

[Begin recording] [Vieira] The newspaper headline does not express what I really said in the interview. I simply analyzed the performance of agriculture in 1995 which, as everyone knows, was a very difficult year. The farmers' problems are now being overcome through measures adopted by the Finance Ministry and the Central Bank, like the rescheduling of the farmers' debts.

Therefore the newspaper headlines interpreted my statements differently from what I stated in the interview.

[Question indistinct]

[Vieira] I made an analysis of the performance of the Brazilian economy in 1995. I did not say anything new. Everyone knows that the high interest rate policy, as commented on by the president of the Republic himself, has led to a general state of insolvency, especially among farmers, and including industry and commerce. [end recording]

The agriculture minister yesterday visited Congress to meet with congressmen, as he normally does on Wednesdays.

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Colombia

Newscast Reports Visit by CIA Director; Minister Comments

PA1601025196 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 16 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] [Unidentified announcer] Few people know for certain what the CIA director came to do in Colombia. The chief of the world's most famous secret agency has visited Santa Fe de Bogota and Cali and has met with the police director, the prosecutor general, and government officials. Soraya Janine has the story:

[Janine] Neither the U.S. Embassy nor the Colombian Presidency has disclosed details of this enigmatic meeting among U.S. Government officials and the Colombian Government. Under the strictest security measures—approximately six armored cars loaded with sharpshooters—Director of Central Intelligence John Deutch and the U.S. deputy secretary of defense went from [word indistinct] to the residence of U.S. Ambassador Myles Frechette, where the prosecutor general, the defense minister, and the National Police director are meeting. The visit of these high-ranking government officials is quite significant if we take into account that Colombia is in the eye of the storm for the escape of the Cali Cartel's third top leader, Jose Santacruz Londono, from La Picota Prison.

According to Foreign Minister Rodrigo Pardo, the visit of the U.S. officials is to become aware of the details of Colombia's antidrug actions. The U.S. officials will meet with President Ernesto Samper Pizano at the Presidential Palace tonight.

[Announcer] What is clear now is that the CIA director inspected the Search Bloc in Cali along with U.S. Ambassador Frechette and Luis Enrique Montenegro, Special Joint Command Unit director and deputy police director.

[Unidentified reporter] The reporters were also kept at a distance in Cali, where the CIA director visited the Search Bloc along with U.S. Deputy Secretary of Defense John Sheridan, U.S. Ambassador Frechette, and high-ranking police commanders. The CIA chief received a detailed report on the operations of the search for Santacruz and Pacho Herrera and closely learned of the technical yet limited conditions under which this special National Police group operates.

The U.S. officials have refused to contact the Colombian media. On the afternoon of 15 January, only Foreign Minister Pardo spoke about the visit by the mysterious U.S. official:

[Begin Pardo recording] The important issue is to improve the effectiveness of the cooperation among the organizations involved in the fight against drug trafficking in Colombia and agencies of other countries, the CIA and U.S. Defense Department, so as to obtain better results in the fight against drug trafficking. [end recording]

[Reporter] According to Pardo, the Colombian Government is taking advantage of the presence of the CIA director to make him aware of the conditions and results of what has been achieved in the difficult fight against drug traffickers.

Pardo, Medellin Deny Government Tapping U.S. Embassy Phones

PA1301050096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Jan 95

[Report by Jorge Alfredo Vargas and Alejandra Balcazar, from the "Seven O'Clock Newscast"]

[FBIS Translated Text] [Vargas] Foreign Minister Rodrigo Pardo reacted to U.S. Ambassador Myles Frechette's statements and denied that the Colombian Government had tapped the U.S. Embassy's telephones, as the official asserted in an interview given to a Washington newspaper.

[Begin Pardo recording] I want to tell you that this is absolutely not true. No government institution has ordered or authorized such an action. I verified this today. [end recording]

[Balcazar] However, in addition to rebutting Ambassador Frechette, the foreign minister invited him to show evidence that the Colombian Government committed this crime.

[Begin Pardo recording] What's more, I would like to invite Ambassador Frechette, if he really has evidence that his telephones have been tapped, to present this evidence to the authorities, because the Colombian Government would be the first one interested in conducting all the necessary investigations, presenting the legal charges, and punishing those guilty of committing such a crime. [end recording]

[Madrid EFE in Spanish at 2024 GMT on 12 January, in a 150-word report datelined Bogota, states that Colombian Justice Minister Carlos Medellin, in an interview he granted to Radio Cadena Nacional today, rejected U.S. Ambassador Myles Frechette's charges of telephone tapping. Medellin asserted: "President

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Samper's administration is surprised and concerned with the assertions made by the diplomatic representative." He added that "this (telephone tapping) is not an action by the government but by the drug cartels." The report adds that Frechette's charges followed the broadcast of a tape-recorded conversation between then DEA Director Tony Seneca and top Washington officials, which was heard by the Colombian Congress during the latter part of 1995. "The diplomat cannot assert that his telephones were tapped by the Colombian government, because if he does so, he is giving credence to the conversations heard by Congress," the Colombian justice minister contended. The Colombian minister believes that the talks "regarding the situation in the country could be much more serious than the telephone tapping itself."

Cali Cartel Leader Santacruz Londono Escapes From Prison

PA1101235096 Madrid EFE in Spanish 2301 GMT 11 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 11 Jan (EFE) — Official sources reported today that Colombian drug trafficker Jose Santacruz Londono, one of the top three Cali Cartel leaders, escaped from the Santa Fe de Bogota prison in which he had been since July, when he was caught at a restaurant in the capital.

Officials of the National Penitentiary and Prison Institute (INPEC), said that Santacruz, a.k.a. "Chepe," considered the organization's third kingpin, after Gilberto and Miguel Rodriguez Orejuela — who are also in prison — apparently escaped in an official vehicle from "La Picota" Prison in Santa Fe de Bogota.

Samper News Conference on Santacruz Escape

PA1301035696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2244 GMT 12 Jan 96

[News Conference by President Ernesto Samper with foreign and domestic reporters at the Narino Presidential Palace in Santa Fe de Bogota; broadcast in progress — live]

[FBIS Translated Text] [Samper] ... of course we are angry about the situation that has developed with the escape of Mr. Santacruz. From the moment I was advised of the news, I gave the necessary directives to call an urgent Security Council meeting, chaired by the government minister, in order to reactivate the Cali Search Bloc. By mere chance, the Search Bloc was also meeting here in Santa Fe de Bogota and coordinating, among other things, operations related to the capture of Mr. Herrera, who is the seventh Cali Cartel leader we plan to capture, just as we plan to recapture Mr. Santacruz at all costs. Likewise, I also gave instructions to immediately reestablish the rewards that were announced to the public yesterday and which will surely allow us to recapture Mr. Santacruz. I repeat, at this time, the National Police and the Armed Forces are both concentrating on this task by carrying out combing operations, which are being supervised personally by National Police Director General Rosso Serrano following direct orders from the president of the Republic. With that explanation on what the government has done in the past 24 hours, I am at your disposal to answer whatever questions you may have.

[Unidentified moderator] Mr. President, we have a question by Ilse Milena Borrero from the "QAP News" newscast.

[Borrero] Good afternoon, Mr. President. The U.S. Embassy's reaction to the escape of Mr. Santacruz was made public this afternoon. It is being said that the escape will interfere with the certification process. Mr. President, are you troubled by this?

[Samper] The certification process that is being prepared by the U.S. Government with respect to the issue of the struggle against drug trafficking is an internal matter of the U.S. Government. In recent statements, the U.S. ambassador has pointed out that even though the results shown by Colombia's struggle against drugs were — and I remember his words — convincing, the certification process would still face problems because of of internal circumstances in the United States. So, as far as we are concerned, it is clear that the certification process is a decision whose assessment, content, and management correspond solely to the U.S. Government and the U.S. Congress. Colombia, independent of this situation, has been developing an integral policy against drugs that I announced on 7 February and of which I will provide an assessment on 13 February.

No government in the world has achieved so many results so quickly in the struggle against drugs. The regrettable episode yesterday, which, I repeat, has infuriated us, is circumstantial to what we have achieved, like the dismantling of the Cali Cartel, the eradication of practically 50 percent of the hectares planted with illegal crops, the interdiction of chemical supplies — the most important one ever in Colombia's history — and the issuance of the toughest legal statutes that any country has issued for the control of laundering of assets, which is the final phase of the drug problem.

Colombia will therefore continue to develop this overall policy. Of course, the events I have mentioned are under consideration not only by the U.S. Government, but by the entire international community, so that, among other reasons, they too can assume their own responsibilities controlling consumption, controlling the

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sales of chemical supplies, controlling the sales of arms, and preventing money laundering, which serves to recycle profits that the drug business produces.

[Moderator] Question by William Parra of the "CM& Newscast."

[Parra] Good afternoon, Mr. President. People in the street, the common citizen, may think or have a theory that the government may have come to an agreement with the people in jail. Mr. Santacruz' escape may be somehow perceived as the government keeping to some sort of a deal. I say this, for example, because the narcorider left confusion and certain doubts in the air. Only Mr. Santacruz fled, but Mr. Miguel Rodriguez or Mr. Gilberto Rodriguez could have well escaped from the jail — anyone — a car could accommodate four or five. What do you have to reply to people who believe that there is an agreement and that these people stayed behind in jail as a test to see whether the word will be kept or if there will be any problem for those who [words indistinct]

[Samper] That is a vile and vicious version, and I regret that the media pays it any attention. [words indistinct] It is clear. Regrettably for everyone, that a member of the cartel has escaped, but there are still five of them there. We are going to take whatever measure is needed to ensure this shameful occurrence will not be repeated. But in addition, we are going to recapture this person who scoffed at the country with this attitude. In addition, we have also requested the corresponding penal and disciplinary investigations to establish who is at fault. We will not hesitate to exemplarily punish, regardless of the punishment the Office of the Prosecutor General of the Republic may apply, those officials who may be directly or indirectly involved. Today, the government decided to replace two officials who we consider to display correct behavior — the INPEC [Penitentiary and Prison Institute] director and the La Picota Jail director — two police colonels, who, I repeat, we consider to display correct behavior, so as to ease the progress of the investigations, which need to be seen to the end, so that the public may be reassured that this type of situation will be punished, not only in accordance with the law, but in accordance with social indignation.

[Moderator] William Varela of Radio Santa Fe.

[Varela] Mr. President, Santa Fe newscast reporters spoke today with former Vice President Victor Mosquera, and he said that Colombia should pay no more attention to the certification issue. As far as you are concerned, does the future of our country depend on this certification?

[Samper] As I have already said, the certification, I repeat, is a U.S. domestic problem, which we hope they solve the best way possible. The policy we have developed is a policy of conviction and is not the result of any coercion. It is important for Colombia to advance in the solution of the drug problem, because it is a topic of national security, and we will continue doing so. We will not decree vacations for ourselves in the struggle against drug trafficking. We know it is a fundamental problem for Colombia, we have assumed it as fundamental, and we will continue to see it as fundamental as we work on it in the next few months. The international community may rest assured that the Colombian Government pledges an in-depth struggle, like the one it has been conducting, in this head-on struggle against drug trafficking. But, the Colombian Government, by the same token and with the same energy, expects a corresponding commitment by the international community in facing its own responsibilities.

[Moderator] AP's Paul Haven will ask a question.

[Haven] Mr. President, last year, approximately 700 prison guards were fired, and another 1,000 were transferred. However, [words indistinct] several guards. It seems that you have done a great deal to reinforce the prisons; Mr. Santacruz, however, was able to escape. Do you now believe that his escape could possibly change [words indistinct] and what type of [words indistinct] have you received from [words indistinct].

[Samper] [Words indistinct] implies that it is a prison with 24-hour permanent surveillance. The fact that there are highly dangerous people in prison implies the use of electronic surveillance devices; it also implies the existence of special guards inside the maximum security wing. In the last six months, I have personally been devoted to following up on the security conditions at La Picota Prison. Last year, we invested 2.7 billion pesos to purchase the most sophisticated electronic surveillance equipment in the world. We also invested more than 1.2 billion pesos to guarantee that the salaries of the staff assigned to the maximum security wing at La Picota Prison were salaries that would largely exceed the average salaries of penitentiary guards. What a prison guard earns at La Picota maximum security wing could be two and a half times as much as what other guards earn. So, we increased their salaries.

In this context, it is obvious that the electronic... [pauses] the physical controls were obviated. Mr. Santacruz was able to confirm his criminal attitude by using the same channel that other famous prisoners have used in many other high-security prisons of the world to escape. It was the channel of corruption. Of course, this

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channel of corruption is currently being investigated, and I repeat, he will be punished in a disciplinary and penal fashion according to the results the proper investigations that started on 11 January will yield. This is as far as La Picota Prison is concerned.

Regarding the extradition issue, the Colombian Government has been saying all along that extradition is not part of the government's agenda. It is not in the agenda because not only is there a popular attitude against extradition, but also because the Constitution forbids it. The Colombian Constitution forbids the extradition of Colombian nationals. Any reform to this part of the Constitutional through the normal channels the Constitution stipulates would take the same amount of time we need to prosecute the cartel leaders who are currently in prison. We want to show the international community, as we will indeed show it, that Colombia does have the capability to prosecute its nationals and to impose the most severe sentences that the law allows, according to the social offenses they have committed. So, this is our position on extradition. As the president, I am not going to decree a constitutional or legal vacation as long as I am committed to prosecute the cartel leaders who are currently awaiting their sentences before an international community that is also legitimately waiting for Colombian justice to work.

If Mr. Santacruz, having a thick record and the current threat of the longest sentence due to the crimes he presumably committed, escaped from prison, it was because he feared the actions of Colombian justice. If he had any idea or any possibility of engaging in negotiations, which were of course objectionable and illegal, according to Colombian justice, he would not have escaped as he indeed did. I repeat, the Colombian Government commits itself to have Mr. Santacruz, just like any other person who breaks the law in this country, serve the sentences that correspond to him according to the law. He will serve these sentences in a prison that will have due guarantees and due security as the ones existing at La Picota Prison.

[Moderator] Next question is by Orlando Guerrero from the "Seven O'Clock Newscast."

[Guerrero] Mr. President, without trying to sound repetitive, but once again referring to the previous question, this morning, the government, or better yet, some high-ranking DEA officials stated that if the Colombian Government is unable to keep its criminals in prison, then they should send them over. What do you have to say about this? In addition, are you not uncomfortable with the likelihood that with the escape of Jose Santacruz and with Pacho Herrera still on the loose that the Cali Cartel will start up again?

[Samper] No country in the world is exempt from experiencing what Colombia went through yesterday. I do not accept Colombia being exclusively singled out as if this type of situation takes place only here. There are some very well—known cases, which would take a long time to enumerate and recount, on escapes from maximum security prisons. In all these cases, the common element points to a failure in human controls just as, I repeat, these controls unfortunately failed in this case. The Colombia Government, its authorities, the Office of the Prosecutor General and its judges are in a position to assure the international community that these individuals will, I reiterate, be put on trial and punished in accordance with their crimes against Colombian society and the international community. Of course, I strongly reject those statements related to this incident in some way marking the reactivation of the Cali Cartel. We are well aware that the arrest of the Cali Cartel leaders in no way represented the end of drug trafficking. However, we are also aware that their arrest was and can be, if we Colombians commit ourselves to it, the beginning of the end of drug trafficking. Insofar as we learn the lesson, as we understand that only when Colombians begin to reject the seduction posed by easy drug trafficking funds, as we retake the path of ethics and values, as we learn, regardless of how painful it might be, the lesson taught by the infiltration of these funds, then to that extent will we be bequeathing a better future to Colombian society, which, in the end, is our children.

[Moderator] The final question from Sandra Pureza Gomez from the "Notisuper Newscast."

[Gomez] Mr. President, good afternoon. The fact that the faceless justice system allows vehicles from the Office of the Prosecutor General to enter the prison grounds to question the Cali Cartel leaders, just as they did at La Picota, did this not, to a certain extent, allow Jose Santacruz to escape from jail?

[Samper] I believe that it is not good for the country for us to get caught up in a debate with respect to the circumstances surrounding the escape of Mr. Santacruz. I believe that the fact, as clear and painful as it might be, is that Mr. Santacruz was able to escape and that there are individuals who, in some way, are linked to that escape. These individuals must be and will be punished accordingly, regardless of where they are working and which agency they are working for. What we have to do at this time is to commit ourselves to recapture Mr. Santacruz and Mr. Herrera so that we can complete the arrest of all the Cali Cartel leadership. At this time, most of them are at the disposal of the justice system. Personally, I am sometimes disturbed by the fact that we Colombians try to solve our problems

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starting with the branches while the tree is being cut down with an axe. What I believe is basic and critical is that regardless of this debate, which I describe as the minimum circumstances of the escape, which will be determined during the investigations that are being conducted, all of society must commit itself to support the authorities in bringing Mr. Santacruz and Mr. Herrera to justice for the good of Colombian society and the international community. I believe that this would be a proper gesture of national vindication. I would like to thank you for being here today. I am aware that these are difficult times, but we Colombians are used to overcoming difficult times. We are going to solve our problems in an institutional manner. These are not times for divisions especially among those of us who are responsible for solving these issues. We do not intend to fall into divisions, and I reiterate my government's firm commitment to make Mr. Santacruz pay for the ridicule he has made the Colombian people go through. Thank you very much.

Santacruz Walked Out 'As If He Owned the Place'

PA1201013696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 12 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Former Cali Cartel capo Jose Santacruz Londono this afternoon escaped from La Picota Prison, located in the southern quarter of Santa Fe de Bogota. He had been held since 4 July 1995. Let us listen to Soraya Ganine, who is reporting from La Picota.

[Begin Ganine recording] Santacruz Londono's escape occurred at approximately 1130 this morning when officials of the Prosecutor General's Office arrived to conduct business in the prison. It was established that Santacruz Londono walked out, as if he owned the place, through the door used by faceless prosecutors. An intense security operation is being conducted by the Army, police, and the Prosecutor General Office's specialists. In the Diana Turbay quarter and others close to La Picota, several Army and police teams are combing the area for Santacruz Londono, the third most important man in the Cali Cartel. Newsmen have not been permitted to enter La Picota or talk with INPEC [Penitentiary and Prison Institute] Director Colonel Norberto Pelaez, the police director, and officials of the Prosecutor General's Office. We will keep you posted. [end recording]

Air and surface operations are being carried out in Bogota and nearby places to try to locate Santacruz Londono. But how did he escape? Santacruz was on the second floor. At 0830, a prosecutor arrived with a Public Ministry agent and a clerk for further interrogations on the proceedings against Santacruz for illegal enrichment and drug trafficking. The procedure ended at 1120. The three officials left La Picota leaving Santacruz in the hands of the prison wardens. The daily head count was done between 1500 and 1600 and it was found that Santacruz was missing. The alert was sounded immediately and police took action to try to recapture him. All efforts have been fruitless so far. There are contradicting reports on how the man escaped. While the Prosecutor's Office says he did not escape in the vehicle used by the prosecutors who conducted the the questioning, sources at the Narino Palace say Santacruz did get out in the officials' vehicle.

The news has created great national and international commotion because it had been taken for granted that the security measures around drug traffickers was such that any escape could be ruled out. Apparently, vigilance was less stringent than estimated.

Samper Reactivates Search Bloc

PA1201013796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 12 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] A special security council is being held at Narino Palace to try to control the situation. Orlando Guerrero reports.

[Guerrero] Attention. A few minutes ago, President Ernesto Samper, having learned of drug trafficker Jose Santacruz Londono's escape, released a communique. In it, Samper says he has asked the government minister to call for an immediate meeting of the Security Council and that he has asked the defense minister to take the necessary measures to recapture this drug trafficker. The communique also says that Public Force operations are being conducted in Santa Fe de Bogota and nearby communities. In addition, Samper has ordered the immediate reactivation of the Search Bloc and put Police Director General Rosso Jose Serrano in charge of the operations in Santa Fe de Bogota and its surroundings.

Search Bloc Deployed to Cali

PA1501193796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 15 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] Attention: At this time more than 1,000 men from the Search Bloc led by General

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Luis Enrique Montenegro Rinco, National Police deputy director, are carrying out raids to locate Jose Santacruz Londono, who is thought to be in the capital of Valle del Cauca Department.

We have just received this footage on the overflights of the capital of Valle del Cauca Department, where Jose Santacruz Londono is thought to have arrived in the latest few hours.

More than 1,000 men under the command of the National Police deputy director are at this time conducting several raids in various parts of Cali and other nearby cities. Checkpoints have been set up in the outskirts of Cali and also in various points in other cities.

Fliers depicting the photo of Jose Santacruz Londono and a 2 billion peso reward have also been distributed in various parts of the city.

Alleged drug trafficker, Jose Santacruz Londono, who escaped from La Picota Prison last Thursday, may be sentenced to less than three years for breaking out from prison. If Santacruz had turned himself in within the first three days, things would have been different for him.

If Jose Santacruz had turned himself him 72 hours within his escape from the high security section of La Picota Prison, namely at 1500 yesterday, he would not be tried for the offense of prison escape. Since he did not do it, a sentence going from six months to two years in prison may be handed down against him. This provision favors him because it took place after the Internal Disturbance Decree, which increases the prison escape sentences from six to 12 years.

This means that since Santacruz is fleeing from justice and he has not been sentenced yet, so he will be forced to serve two more years in prison for his breakout.

Attorney General Comments

PA1501230396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 15 Jan 96

[Interview with Attorney General Orlando Vasquez by Nubia Ballen; place not given; from the "Colombia 12:30" newscast — live]

[FBIS Translated Text] [Ballen] The initial results of a disciplinary investigation the Attorney General's Office is carrying out into the escape of Jose Santacruz Londono will be revealed today. What results will come out of this investigation?

[Vasquez] We are expecting a commission appointed especially for this case and headed by Dr. Jairo Medina to reveal the initial decisions this afternoon. These decisions regarding a case that not only worries Colombia but the world will undoubtedly be drastic....

[Ballen, interrupting] How drastic will they be? Can we expect dismissals?

[Vasquez] Given that this process is only starting, the first measure, according to current laws, is the suspension of any official or public servant involved in this case.

[Ballen] But will there be dismissals?

[Vasquez] We hope to advance a disciplinary process as soon as possible. There are disciplinary investigations that last five years, but this case will perhaps be the first one when a suspension is produced as soon as an investigation has started; of course, this would also be accompanied by the filing of charges at this time.

[Ballen] You have proposed new legislation for Latin America. What is it about?

[Vasquez] The penal code for Latin America has been discussed for dozens of years now. One can assume that all states must examine penal infractions that transcend national borders. The measures to be adopted should even involve multinational penitentiary systems or prisons. The national government, along with the legislative branches of the various countries, must champion and lead this proposal, of course.

[Ballen] You also mentioned extradition. Do you think it is necessary?

[Vasquez] I have said with absolute frankness that we would welcome it if it were an immediate solution, but it involves more than a year of formal efforts; first, the approval of a constitutional reform and then of international treaties and laws. We need to approve these kinds of mechanisms in the country. The most imperious need at this time is to strengthen Colombia's judicial mechanisms and institutions to ensure that all those investigations are successfully completed.

[Ballen] What is your opinion about groups that have emerged to take justice in their hands, such as the Movement for the Dignity of Colombia and a new one called The Avengers [Los Vengadores]?

[Vasquez] They also must be repudiated, because they seek to take justice into their own hands when there is a state of law and institutional mechanisms. They are undoubtedly outside the framework of the law and must be punished with the appropriate severity. We must insist on the need to strengthen the mechanisms of administration of justice to ensure that they are effective.

[Unidentified speaker] Dr. Vasquez, we send you greetings from the studio. You have said several persons

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linked to Inpec [Penitentiary and Prison Institute] will be punished for the escape of Jose Santacruz Londono. Could you disclose names and titles of some of them?

[Vasquez] This information is secret by virtue of Law 190; that is, the Anticorruption Statute. I can tell you that this investigation started on 12 January, and no investigation conducted by the Attorney General's Office or any other institution had produced results so soon. Today, we are expecting at least the suspension of officials involved in this incident regardless of to what institution they belong.

[Ballen] Could you disclose information about the military investigations; that is, the Rolla Jaller case and the boots case?

[Vasquez] As for the famous Rolla, alias Mona, Jaller, we are deepening the investigation. We believe that certain high-ranking officers are involved. We hope to obtain sufficient evidence to file charges in coming days. As for the famous boots case, the rulings that initially established reprimands, fines, or punishment were finally repealed.

Police Seek Recapture Via Drugstore Salesmen

PA1401032396 Madrid EFE in Spanish
0004 GMT 14 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 13 Jan (EFE) — Official sources said today Colombian police will try to recapture drug trafficker Jose Santacruz Londono with the help of drugstore salesmen, because the "capo," who escaped from jail on 11 January, suffers from a disease that requires him to take medication.

The police began massive distribution of WANTED posters that include a photograph of Santacruz, the third most important leader of the "Cali Cartel" who escaped from Santa Fe de Bogota's La Picota Penitentiary and who suffers from a number of ailments.

The poster offers a 2 billion peso reward ($2 million), a sum announced every 30 minutes on the state owned television channels, as announced by the Colombian Government the day of Santacruz's escape.

Colonel Victor Manuel Paez, chief of the Santa Fe de Bogota Police Department, said the WANTED posters are also being posted in motels, hotels, bars, and medical centers.

Santacruz suffers from a skin lesion known as psoriasis which forces him to take six different medicines and which could even force him to seek the aid of specialists.

According to police sources, Santacruz is probably in an area that has a warm climate due to his ailment, because Santa Fe de Bogota is 2,640 meters above sea level and has an average temperature of 14 degrees centigrade.

"That is why we are requesting the cooperation of drugstore salesmen to inform us about individuals who ask for those medicines," the officer said.

Colombian authorities since 11 January have been carrying out extensive search operations around the prison, in the suburbs of Santa Fe de Bogota, along the highways exiting the city, and in neighboring towns, searches which initially have yielded no positive results regarding the criminal's whereabouts.

Police, Inpec Officials Suspended

PA1601024996 Santa Fe de Bogota Inravision Television Canal A Network in Spanish
0000 GMT 16 Jan 96

[Interview with Attorney General Orlando Vasquez Velasquez by reporter William Calderon in Santa Fe de Bogota; from the "Seven O'Clock Newscast" — live relay]

[FBIS Translated Text] [Calderon] Eight National Police and Inpec [National Penitentiary Institute] officials have been temporarily suspended from their posts for their alleged responsibility in the escape of Jose Santacruz Londono.

Good evening, attorney general. Why this decision?

[Vasquez] This measure is a preventive one for a successful investigation so there will be no obstruction, and, of course, it is a preliminary measure that may include other public officials or employees involved in the process. The decision was adopted in recent hours and will be officially announced in the morning, particularly to those involved and their superiors.

[Calderon] Are the Inpec director and prison director affected by the measure adopted this evening?

[Vasquez] I cannot tell you any specific cases right now. The truth is the decision affects at least eight public officials who are part of the Inpec and National Police, as you said.

[Calderon] Have you been able to ascertain whether, for example, bribes were paid to these people so Santacruz' escape could take place?

[Vasquez] No. We are waiting for the investigation to conclude so it can give us guidelines on the possibilities we have been reviewing up to today. It is not appropriate to speak ahead of time or to discuss any possible outcome.

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Prosecutor Interviewed on Breakout, U.S. Ties

PA1501133596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1200 GMT 15 Jan 96

[Telephone interview with Prosecutor General Alfonso Valdivieso Sarmiento by reporter Juan Pablo Diaz in Santa Fe de Bogota from the "Good Morning Colombia" newscast; date not given — recorded]

[FBIS Translated Text] [Diaz] Mr. Prosecutor, has the authenticity of the letter sent to you by Jose Santacruz Londono, which even has his own fingerprint on it, been corroborated?

[Valdivieso] So far this has not been established. This letter has not even been sent or, at least, received at the Prosecutor General's Office. In the case that the letter's authenticity is confirmed, it will be immediately forwarded to the prosecutor handling the case, who will analyze the same. Therefore, I believe I should not comment on this.

[Diaz] With the breakout of this alleged druglord, have relations between the Prosecutor General's Office and the U.S. Government been adversely affected?

[Valdivieso] This must be viewed from the perspective of judicial cooperation. I believe both countries should continue cooperation, especially the exchange of information for ongoing processes. Therefore, I believe there has not been any event that may hamper these relations, and I believe this incident will not prevent us from continuing to exchange evidence and to cooperate for the benefit of both countries.

[Diaz] Do you believe that Santacruz' escape will prompt U.S. authorities to lose credibility in Colombia's capacity to make justice prevail?

[Valdivieso] This event creates a situation in which confidence and credibility in the prison system security and the very judicial system confront doubts and difficulties. But this is the great task that the government entities and the Prosecutor General's Office must undertake to improve the procedures and adopt measures guaranteeing security in the country's prisons.

Prosecutor General 'Disturbed' by Escape

PA1201150396 Mexico City NOTIMEX in Spanish 0449 GMT 12 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 11 Jan (NOTIMEX) — Prosecutor General Alfonso Valdivieso said tonight that Colombian mafioso Jose Santacruz Londono's escape is an example of how the mafia has overstepped all of its corruption limits.

The official, who was visibly disturbed by Santacruz Londono's escape from a high security prison in southern Santa Fe de Bogota, said that the action "is a product of the corruption that is besieging the country and the Colombian judicial system.

Valdivieso emphatically said that the car used for the evasion does not belong to the Prosecutor General's Office and added that when the escape took place, there were no officials from the Prosecutor General's Office present.

The criminal, considered the third highest ranking Cali Cartel leader, fled in a car similar to the one used hours earlier by prosecutors investigating him at the prison, where he had been confined since July of last year following his arrest in a luxury restaurant in this capital.

"This is a prime example of the true ingenuity the persons involved in these criminal drug-trafficking activities have to create a state of emergency and commotion," Valdivieso said.

"Corruption has won a victory and the state's capability to make sure these people pay for their crimes has failed," said the prosecutor, who said the government's measures should not only be aimed at solving problems, but preventing them in the future.

Valdivieso regretted the incident took place near the National Penitentiary and Prison Institute (INPEC), an institution, which he said, has done intense work in facing the threats of corruption promoted by criminals.

Finally, Valdivieso said the Prosecutor General's Office deployed a group of officials to investigate the incidents in coordination with other authorities to determine who was responsible for the evasion.

Santacruz, age 52, is considered one of the biggest cocaine traffickers in the world, an activity that made him one of the most rich and powerful men of Colombia, according to the investigations conducted by the authorities.

He was arrested on 4 July 1995 by Colombian Police Director General Rosso Jose Serrano's personal bodyguards, after being identified by a detective inside a restaurant in northern Santa Fe de Bogota.

Sources from the Prosecutor General's Office said that Santacruz is being investigated for drug trafficking, homicide, terrorism, and illegal enrichment.

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Former Official Denies Link to Escape

PA1201202296 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 12 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] Guillermo Villa Alzate [former prosecutor for judicial matters] moments ago appeared before the Cali regional prosecutor's office to refute the prosecutor general's charge that he is involved in the escape of Jose Santacruz Londono. Villa Alzate will be in San Jose de Bogota in upcoming hours.

(Mexico City NOTIMEX in Spanish at 1613 GMT on 12 January cites the Caracol Radio Network as reporting that "Villa Alzate reportedly planned the entrance of a false delegation of the prosecutor's office into the La Picota maximum security prison to carry out an alleged legal inquiry with Santacruz Londono." The item adds that Villa Alzate "was fired two years ago when the prosecutor's office caught him offering his services via the telephone to draft judicial documents for brothers Gilberto and Miguel Rodriguez Orejuela, leaders of the Cali Cartel.")

Prisons Director Resigns

PA1201203496 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 12 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] Colonel Norberto P[illegible]ez, director of the Penitentiary and Prison Institute, [illegible]as become the scapegoat [of Jose Santacruz' escape]. He had been working since November 1994 to eradicate corruption in the country's 174 prisons.

The challenge was not an easy one because the escape of Pablo Escobar from the Envigado Prison, also known as La Catedral, that prompted the dismissal of more than one made him distrust officials as well as custodians. Pelaez invested huge sums of money in security systems, such as metal detectors, in the creation of an elite corp, and in increases of up to 300 percent in the salary of custodians. He fired 670 persons, including directors and custodians, and he transferred 3,000 inmates and 1,000 custodians to other prisons. An investigation is being conducted at the Prosecutor General's Office in the wake of this sweep.

At noon yesterday, Col. Pelaez presented his resignation to the new justice minister. Today, despite the support voiced by the president and Police Chief General Rosso Jose Serrano, the director noted that if heads had to roll his should be the first.

The "Colombia 12:30" newscast learned that Col. Francisco Moreno, who currently serves as chief of internal cor.trol of the Bogota Metropolitan Police, is his most likely successor.

Revising Extradition Ruling Unlikely

PA1301121796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 13 Jan 95

[Interview with Prosecutor General Alfonso Valdivieso by newscast director Jorge Alfredo Vargas; from the "Seven O'Clock Newscast" — live]

[FBIS Translated Text] [Vargas] Good evening, Prosecutor Alfonso Valdivieso. Mr. Prosecutor can you hear me?

[Valdivieso] Yes, I can hear you.

[Vargas] Good. General Serrano says that, apparently, only one car was used for the escape. Does this mean Chepe Santacruz flew the coop in the prosecutor's office car?

[Valdivieso] Let's see. The prosecutor's office car left after the inquiry ended at 1130. This is absolutely clear and irrefutable. Now, if later another car, taking advantage of the circumstances, the security deficiencies, and probably disguised as a prosecutor office's car, went into the penitentiary, that is a different story. However, according to the information we have, the prosecutor, the prosecutor's office official, the prosecutor's aide, and the driver left the penitentiary at 1130 and were not there when the escape occurred.

[Vargas] Prosecutor, you said today that several top government officials were interested in blaming the prosecutor's office for the escape. Why is this?

[Valdivieso] I said several officials have made statements that seem to hint that the prosecutor's office has some responsibility in the incident. This resulted from the light manner with which information was handled and how first-hand information was, perhaps, hastily communicated when the events occurred yesterday. The reality is different. The prosecutor's office must, of course, clarify that its officials left the penitentiary when the inquiry ended and state that the responsibility has to be found elsewhere, with other people and officials.

[Vargas] Santacruz's escape has shown that Colombian jails are definitely not secure. Does this mean there could be a possibility for extradition, as the United States has asserted?

[Valdivieso] Look, it seems to me that the extradition issue cannot be renewed as an issue of public debate in

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Colombia at this time. I believe there is a constitutional reality, and I have stated my position on this issue. I reassert my position and state that it is absolutely unsuitable to further an initiative to reestablish extradition due to these circumstances. This, of course, is my position, and I have stated it many times in the past. The position of the U.S. officials is like many other positions that have been given at the time of this unfortunate event, which regrettably seriously tarnishes Colombia's image.

[Vargas] Mr. Prosecutor General, we thank you for your statements. Thus, the prosecutor says no to extradition and says that another car did enter the penitentiary because the drug kingpin did not leave in the prosecutor office's car.

[Paris AFP in Spanish at 2234 GMT on 12 January, in a 100-word report datelined Santa Fe de Bogota, states that Colombian Foreign Minister Rodrigo Pardo said this Friday, "that Colombia does not plan to extradite its drug traffickers to the United states." He added: "Our Constitution continues to ban the extradition of nationals, and the reform of this ruling, in the best of cases, would take a long time, if Colombian society should decide to change a decision it took in a very informed manner." Pardo admitted that Santacruz's escape "constitutes a failure and is a very negative element in Colombia's antidrug policy." However, he added that Colombia's struggle against drugs "has to be seen in the light of a policy that was very successful during 1995 because it has left most of the Cali Cartel leaders in prison." Regarding the consequences that the drug kingpin's escape could have on the U.S. Government certification, Pardo stated that "the policy of the Colombian Government is to respect that internal U.S. legal procedure."]

Prosecutor General Office Vehicle Used in Escape

PA1301195396 Santa Fe de Bogota Inravision Television Canal A in Spanish 1800 GMT 13 Jan 96

[From the "Cripton Newscast"]

[FBIS Translated Text] New revelations about Jose Santacruz Londono's escape were learned in Santa Fe de Bogota today. The authorities in charge of searching for the third highest-ranking member of the Cali Cartel said the capo did use a vehicle from the Prosecutor General's Office to escape; the same vehicle that had been previously used by officials in charge of investigating Santacruz.

According to intelligence officials from the National Police, Jose Santacruz Londono escaped from La Picota National Penitentiary in a red jeep assigned to the Prosecutor General's Office.

Members of the Search Bloc were able to establish that the same vehicle was used the morning of Thursday, 11 January by officials from the Prosecutor General's Office to interrogate Jose Santacruz.

According to the police, judicial officials and Santacruz' lawyer told guardsmen at La Picota that they would return in the afternoon to continue with their interrogation.

The red vehicle returned in the afternoon and Jose Santacruz Londono left the prison on board the vehicle. The police have not been able to determine who the vehicle's drivers were when it returned to La Picota.

Cripton Newscast was able determine from National Police sources that Jose Santacruz' escape was planned in a house located in El Chico Neighborhood in northern Santa Fe de Bogota.

Likewise, two persons who frequently visited Santacruz in prison were arrested last night and are being investigated.

It is believed that Jose Santacruz is staying in a hot climate because he has psoriasis, which does not allow him to live in cold climates for too long. The Search Bloc is conducting operations in Girardot, Melgar, and the Tequendama region in Cundinamarca Department.

Government Adopts Measures To Prevent Escapes

PA1301201696 Santa Fe de Bogota Inravision Television Canal A in Spanish 1800 GMT 13 Jan 96

[From the "Cripton Newscast"]

[FBIS Translated Text] The National Government has taken new measures to increase security in the country's prisons. The decree orders an increase in prison terms for those found guilty of escape and opens the possibility of granting rewards for those cooperating in the repression of the crime as established in the decrees enacted this morning.

The decree orders an increase in prison terms of between six and 12 years for those escaping from prisons using violence, corruption, and deceit; prison terms of between 10 and 20 years for those favoring or facilitating the escape of a detainee; prison terms of between eight and 12 years for those caught with weapons, explosives, or ammunition inside prison complexes; and prison terms of between five and 10 years for persons caught using or introducing communication equipment into penitentiaries. From now on, the Public Force may assume the control and conduct surveillance inside any prison. Security fences will be installed around the perimeter of the penitentiaries so that the Public Force may conduct the inspection of persons or vehicles entering or leaving prison complexes.

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Following the enactment of the measures, all personnel in charge of surveillance of prisons may be freely removed from their posts. Starting today, Public Force installations may be used as prison complexes if required for security reasons.

Another one of the measures establishes a system of rewards for officials serving the INPEC [Penitentiary and Prison Institute], who cooperate by reporting crimes or preventing prisoners' escape. Rewards are also available for inmates cooperating with the authorities.

Government Declares Prison Emergency

PA1201144896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 12 Jan 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santa Fe de Bogota — Justice Minister Carlos Eduardo Medellin Becerra has confirmed that alleged drug trafficker Jose Santacruz Londono escaped La Picota Prison aboard a vehicle similar to the one used by the faceless prosecutor who was taking further testimony. Medellin Becerra said that the Cali Cartel boss used to his advantage the fact that prison guards do not inspect the cars of faceless officials. He fled in a car identical to those used by the prosecutor.

State security corps report that a faceless prosecutor continued questioning Santacruz starting at 0800 [1300 GMT] and ended at 1100 [1600 GMT]. The prosecutor, a delegate from the Office of the Prosecutor General, and a transcriber left the prison in an official car that is not inspected by the guard to protect the identity of the official, it was explained.

The justice minister noted that after the questioning concluded, a car similar to the one that left La Picota Prison pulled into the prison. It seems Santacruz fled in it for an unknown destination. The senior official did not rule out the possibility that some prison guards were the drug traffickers' accomplices in avoiding security controls to escape.

Medellin Becerra declared a prison emergency within the State of Internal Disturbance in the wake of the escape of the Cali Cartel's number three man. At the end of an extraordinary Security Council, he explained that the measures adopted by the executive include a ban on continuing questioning in the country's jail until security and discipline guidelines are reviewed. Attending the meeting were the cabinet ministers, Prosecutor General Alfonso Valdivieso, Police Director Rosso Jose Serrano Cadena, Military Forces Commander General Camilo Hernando Zuniga Chaparro, and the outgoing DAS [Administrative Department of Security] Director Ramiro Bejarano and his replacement Marco Tulio Gutierrez Morales. The escape of this inmate casts doubts on the prison's maximum security conditions, and, therefore, a number of measures were adopted to prevent a reoccurrence of these incidents, the official said.

Defense Minister Juan Carlos Esguerra said that the government will pay a ransom of 2 billion pesos to anyone providing information on Santacruz's whereabouts. Esguerra said that the main objective of the military and police units is to recapture Santacruz. At the conclusion of the Security Council, held at the Interior Ministry, the official stated that to achieve this goal, the state security corps has set up roadblocks at airports, bus terminals, and at the entrances and exits of the country's major cities.

The Military Forces and the National Police have very precise instructions, which they have in turn forwarded to the garrisons and precincts to capture Santacruz as soon as possible and put him under lock and key, the defense minister stated.

Eight Arrested in Connection With Escape

PA1201152796 Mexico City NOTIMEX in Spanish 0530 GMT 12 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 11 Jan (NOTIMEX) — At least eight people were arrested today for their possible participation in the escape of drug trafficker Jose Santacruz Londono, police sources have reported.

The CMI television newscast reported that the arrests were made during raids conducted in several residences in Santa Fe de Bogota in some way related to Londono, who is regarded as the number three man in hierarchy within the Cali Cartel.

Some 10,000 policemen and soldiers took over the streets of the capital and installed more than 400 mobile checkpoints, searching for Santacruz Londono, who escaped from the high security La Picota Jail, located south of the city, in a fake vehicle from the Prosecutor General's Office.

Local radio stations also reported that the policemen and soldiers raided approximately 100 houses, most of them located near the prison, searching for Santacruz Londono, but results have been negative so far.

"We are working feverishly to rearrest the criminal," Police Director General Rosso Jose Serrano said at a news conference where details on the escape were given.

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'The Avengers' Vow To Kill Santacruz' Relatives

PA1601025396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 16 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] A terrifying communique reached the media today.

Members of the self-styled group The Avengers say if drug trafficker Jose Santacruz Londono fails to turn himself in to the authorities, his relatives and friends will be begin being killed, one by one.

The ultimatum is reportedly related to the group Dignity for Colombia, according to DAS [Department of Administrative Security] Director Ramiro Vejarano, who has said the communique is being studied to determine whether it can unleash a wave of narco-terrorism or violence in Colombia:

[Begin Vejarano recording] Apparently, there is some similarity in the terms used, but this observation has not been fully established yet. The wording of this communique resembles certain communiques the group Dignity for Colombia drafted in the past. [end recording]

Vejarano has ruled out that the assassination of the Palmira Prison director is related to the threat against Santacruz Londono, a faceless prosecutor, his counsel for the defense, La Picota Prison guards, and a gang of criminals whose members reportedly helped him escape:

[Begin Vejarano recording] The communique states that the first execution would take place within the next 48 hours. The communique is dated 12 January. Today is the 15th, but nothing has happened yet. [end recording]

Vejarano, who will leave his position soon, has said investigations continue to establish the authenticity of the letter that Santacruz has addressed to the prosecutor general.

Santacruz Letter Outlines Conditions To Surrender

PA1401163196 Paris AFP in Spanish 1343 GMT 14 Jan 96

[FBIS Translated Text] Bogota, 14 Jan (AFP) — Fugitive drug trafficker Jose Santacruz Londono, 52, the third highest man in the Cali Cartel structure, has offered to surrender to justice again under certain conditions contained in a letter addressed to Prosecutor General Alfonso Valdivieso. The local press carried a copy of said letter on Sunday.

Santacruz, who last Thursday escaped a maximum security wing of La Picota Jail, told the prosecutor that he made the decision to flee because he felt that his rights were being violated, and at the same time it was a way to protest the "abuses of authority" incurred in the legal process against him and the harassment of his family.

In his letter, the "capo" also condemned "the detrimental government intention of reinstating the extradition of Colombians, under pressure from the United States," and warned "we do not want to generate violent actions as those employed by Pablo Escobar."

Santacruz affirmed that "we will not accept further abuses, much less the attempts to turn the legal processes into conditions of political and commercial relations between Colombia and the United States."

He demanded a fair treatment and due process from the police, insisted he is innocent until justice proves otherwise, said he was the object of "the most humiliating show," and demanded that the prosecutor cease "the absurd harassment of our family and friends, since we do not know how long we are going to take it."

The alleged criminal asks why the harassment "focused in on us, when there are drug traffickers not just in Valle del Cauca, but also in many other areas of Colombia."

Later, he volunteered to surrender to justice and provide information to clarify many investigations the prosecutor is handling, but "under favorable conditions, with all the guarantees established by the law." Explaining his escape, Santacruz said that he made the decision "after giving it much thought and considering a very uncertain outlook, even though I knew the serious consequences that it could bring for my friends [Cali Cartel leaders] Miguel and Gilberto (Rodriguez Orejuela, who are also in prison) and the risks that my life and the lives my family are running."

According to Santacruz, "they will understand me, since my personal and family concerns go beyond some commitments that were not kept."

To conclude, he told Valdivieso: "I hope that through your actions the fundamental rights contained in the Constitution are guaranteed, abuses by the authorities are prevented, and no more absurd measures are taken, as they can only generate regrettable situations for Colombians."

So far, neither the prosecutor nor any other official has commented on the letter.

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Minister, Prosecutor General View Letter

PA1401195096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 14 Jan 96

[From the "Cripton Newscast"]

[FBIS Translated Text] [Anchorperson] The letter by Jose Santacruz Londono has prompted reaction. At this hour, we have made contact, via microwave, with the residence of Justice Minister Carlos Eduardo Medellin, who is accompanied by journalist Jose Luis Ramirez. Good afternoon:

[Ramirez] Good afternoon. At this time with us here is Justice Minister Dr. Carlos Medellin. Mr. Minister, what is your opinion of the letter sent recently by drug trafficker Jose Santacruz Londono?

[Medellin] I would rather not comment on that until security agencies corroborate the letter's authenticity. What is indeed true is that Mr. Santacruz Londono has still three hours to turn himself in to authorities. Current legislation establishes that if a fugitive surrenders within 72 hours of his escape, no charges will be pressed for the offense of escape, but only a reprimand is given. Therefore, he still has time to surrender.

[Ramirez] Well, that is all the information we have with the minister of justice. Let us go back to studios.

[Anchorperson] Thank you very much. Meanwhile, police continue to carry out operations to try to locate Jose Santacruz Londono. We will now go to Edgar Moreno Morales who is currently speaking with Prosecutor General Valdivieso:

[Journalist Edgar Moreno Morales] Prosecutor General Dr. Alfonso Valdivieso Sarmiento is here with us. [words indistinct] sent a letter to the Prosecutor's Office. Mr. Prosecutor, have you received it and what is your comment?

[Valdivieso] I have not received that letter. I have no comment other than this letter will be included in the case file. I am not going to discuss the text of the letter because I believe this should be treated within the process, under which all requests are processed.

[Moreno Morales] Mr. Prosecutor, an alleged intelligence report indicates Mr. Santacruz Londono escaped from La Picota Prison in a Prosecutor General's Office vehicle.

[Valdivieso] That intelligence report must be absolutely false. I believe so far it has been demonstrated that the prosecutor, the Prosecutor General's Office official, and the driver who entered the prison to question Santacruz left at 1130 in that vehicle. These officials did not return in the afternoon, which is when the escape took place.

Consequently, it is absolutely false that they suggest Santacruz Londono escaped in a Prosecutor General's Office vehicle.

[Moreno Morales] Thank you very much, Mr. Prosecutor. This is the information we have up to now. Let us go back to the studios.

[Anchorperson] We thank journalist Edgar Moreno Morales and the prosecutor general.

Cartel, Santacruz Documents Stolen From Embassy in Lima

PA1401200096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 14 Jan 96

[From the "Cripton Newscast"]

[FBIS Translated Text] Pay attention: At this time Peruvian authorities are considering the possibility that Jose Santacruz Londono may be in Peruvian territory, following his escape from La Picota Prison last Thursday. The suspicion emerged after heavily-armed thieves stormed the Colombian Embassy building in Lima and stole documents involving Cali Cartel activities and its relationships with coca leaf producers operating in Peru.

This early morning, several hooded individuals came into the Colombian Embassy in Peru. According to the first reports by authorities, the attackers arrived in the diplomatic mission and proceeded to disarm and gag the security guard, injuring him. The criminals took documents involving the illicit activities of drug trafficker Jose Santacruz Londono in this country.

[Begin unidentified Radio Programas del Peru journalist recording] The hooded individuals seized valuable documentation that had arrived moments earlier, at about midnight, in the diplomatic mission. They disarmed security guard Percy Villavicencio Canales, who was brutally beaten after trying to prevent the attack and robbery.

The Colombian Embassy building is located on (?Jorge Balzade) Number 1580, San Isidro, one block away from the (?Javier Perdomo) Avenue. The attackers tied and gagged Villavicencio Canales and locked him in the bathroom of the diplomatic mission. [end recording]

In addition to the aforementioned documentation, the hooded individuals robbed valuables and destroyed parts of the diplomatic mission, which is currently under strict security measures.

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Police Disclose New Structure of Cali Cartel

PA1501195596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 15 Jan 96

[Report by Wilson Moreno; from the "Colombia 12:30" newscast]

[FBIS Translated Text] The National Police has disclosed the new organizational structure of the Cali Cartel. According to authorities, the leadership of this organization is under Helmer Herrera and Jose Santacruz Londono. There are new names within the organizational structure.

Following the escape of Jose Santacruz Londono, third man in the Cali Cartel, the new Cartel of the capital of Valle del Cauca Department seems to be reactivating. "Colombia 12:30" newscast learned that the leadership of the Cartel consists of fugitives Jose Santacruz Londono and Helmer Herrera. Under Jose Santacruz would be Omar Shak Rojas, Darios Grisales, Edgar Jimenez, and Fernando Quintero.

The wing of Pacho Herrera consists of Diego Montoya, Oscar Rengifo, Dennis Gomez, Cipriano Rengifo, Alcidez Carvajal, Alejandro Cadavid, and Alberto Barrera. But investigations go even further because, according to authorities, Jose Santacruz Londono may be regrouping his military apparatus led by Juan Carlos Abadia alias Chupeta, Luis Hernando Gomez alias Rasguno, and Arcangel de Jesus Henao, perhaps the most violent member of the new Cartel.

Director of Jail Housing Cali Cartel Traffickers 'Murdered'

PA1401010396 Madrid EFE in Spanish 2350 GMT 13 Jan 96

[FBIS Translated Text] Santa Fe de Bogota, 13 Jan (EFE) — Radio Cadena Nacional (RCN) has reported that a group of paid assassins today murdered Marta Elena Sanchez, jail director in the Colombian city of Palmira (southeast) where two of the seven Cali drug traffickers are under detention.

Police sources have confirmed that Sanchez, who was driving her car, died after being shot by four gunmen in downtown Palmira, a city in Valle del Cauca Department, 30 km from Cali, the regional capital.

Informants have said the gunmen, whose identity and motive are not known, fled.

The high security wing of the Palmira Jail houses Victor Patino and Phanor Arizabaleta, following their surrender to authorities in June and July due to the pressure by police to which they were being subjected.

This murder takes place two days after the escape of the third most important leader of the "Cali Cartel," Jose Santacruz, from La Picota jail in Santa Fe de Bogota. La Picota also houses the alleged top leaders of this organization; that is, bothers Gilberto and Miguel Rodriguez Orejeuela, who were captured in June and August.

Police, Army Attempt To Locate Killers

PA1401022496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0000 GMT 14 Jan 96

[Report by Jose Augusto from the "Seven O'Clock News" newscast]

[FBIS Translated Text] I am reporting from the municipality of Palmira.

On the stretch of highway we have traveled between Cali and here, the country's farming capital, we have observed that the National Police and Army have surrounded all of the entrances to the city in an attempt to locate the individuals who have murdered Dr. Marta Elena Sanchez, director of the Palmira National Penitentiary. We also have observed that the Army is conducting operations at the city's southern exit to Valle de Cauca. It also has been noted that the exits to Florida, Candelaria, and Pradera Municipalities have been blocked in an effort to intercept the four individuals who have allegedly murdered Sanchez.

Here in the city of Palmira, the Regional Prosecutor's Office is also conducting pertinent investigations with the support of the Judicial Police. (Miguel Motta Acuri), government secretary of Valle del Cauca Department, is dealing with the situation personally, trying to gain a better knowledge of the events.

Sanchez was murdered in Bolo Corregimiento, 15 minutes away. She was driving her privately owned vehicle and was accompanied by a guard who is now at the San Vicente de Paul Hospital.

Later I will have additional information about this incident, which took place in the country's farming capital this afternoon.

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Minister To Defend Markets; Security Chief Hails U.S. Ties

PA1201184096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 11 Jan 96

[From the "Seven O'Clock Newscast"; passages within quotation marks recorded]

[FBIS Translated Text] Agriculture Minister Cecilia Lopez and Labor Minister Orlando Obregon both took office today.

Lopez stressed that she will defend the banana and coffee markets internationally. She said that she wants to save the Savings Bank any further anguish and to turn it into an instrument for maintaining peace among peasants.

Obregon reported that employment opportunities and salaries will rise through a concerted accord, as part of the Social Pact.

President Samper today appointed Marco Tulio Gutierrez, the former legislator and Santa Fe de Bogota notary who has held nearly 20 public offices during his career, the new director of the Administrative Department of Security. He will replace Ramiro Bejarano, who has been reassigned ambassador to Austria. He is confident that he can run this office, despite the fact that he has had no previous security experience:

[Gutierrez] "We will advance as long as I have a desire to serve and do my best and am allowed to do my work."

Gutierrez knows that relations with the United States are critical. He noted that, contrary to predecessor Ramiro Bejarano, he has a very good relationship with the United States:

[Gutierrez] "I maintain what I would call a very good [preceding two words in English] relationship with the U.S. system."

He does not have a problem with addressing issues which, at some point, were somehow disturbing for Ramiro Bejarano:

[Correspondent] "Aren't you afraid to say you have a good sense of smell?

[Gutierrez] "No, no, no. I have recovered my sense of smell since I quit smoking."

Ecuador

Foreign Minister Says Kfir Planes To Arrive in Feb

PY1201231896 Madrid EFE in Spanish 1911 GMT 12 Jan 96

[FBIS Translated Text] Quito, 12 Jan (EFE) — Ecuadoran Foreign Minister Galo Leoro stated today, 12 January, that the four "Kfir" fighter planes purchased from Israel will arrive in Ecuador in February 1996.

Referring to the purchase-sale contract, which "has not undergone any change," the foreign minister said that "the 'Kfir' planes have been scheduled to arrive during the first or second week of February."

"The idea is to have those planes delivered on that date, and for the time being, we are preparing the final touches for the delivery, tests, and technical revision of the planes," Leoro said in remarks to the Ecuadoran television network "Ecuavisa."

The Ecuadoran Foreign Ministry received, on 11 January, an official communication from the Israeli Government stating that the sale of the four "Kfir" planes equipped with U.S.-made engines will continue.

An Israeli Foreign Ministry spokesman told EFE on Thursday that Israel will abide by the contract, although he said that the planes will be delivered "at a time when the delivery will not jeopardize the peace negotiations" between Ecuador and Peru.

Leoro denied these rumors, stating that "the negotiations do not have an established deadline."

He added that there are "no conditions" for the delivery by Israel of the fighter planes to Ecuador.

The "Kfir" planes will begin operations immediately. Otherwise, "why would they be brought? To let them get older inside the hangars?" the Ecuadoran foreign minister said.

On 17 January Leoro will begin "formal" talks with his Peruvian counterpart Francisco Tudela in Lima to establish the procedures seeking to definitely solve the border conflicts between Ecuador and Peru, which have engaged in three confrontations over the past 50 years. The last confrontation took place between 26 January and 28 February 1995.

Peruvian Ambassador to Quito Hugo Palma has said that the meeting between Leoro and Tudela, which complies with one of the resolutions of the Itamaraty (Brazilian Foreign Ministry) peace agreement signed on 17 February 1995, will be held "under the best conditions."

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Spokesman Says Delivery by March or April

PY1101192796 Quito Voz de Los Andes in Spanish 1700 GMT 11 Jan 96

[FBIS Translated Text] Colonel Carlos Badillo, Ecuadoran Defense Ministry spokesman, has said that Ecuador denies threatening Israel with buying French Mirage planes if the Israeli Government did not promptly comply with the contract to supply Kfir planes.

Reports from Jerusalem state that the Ecuadoran Government threatened the Israeli Government that it would acquire French-made Mirage planes unless the Israeli authorities supplied the four Kfir combat planes next Monday.

Badillo said: This is completely false. We are in no condition to threaten anyone because Ecuador is a small country and needs the support of all countries in the world. He said: How can we be so arrogant as to threaten anyone?

He added that Ecuador has a specific Air Force infrastructure. If we were to buy another kind of plane it would involve a completely new infrastructure which would demand considerable funds and training programs for technicians and mechanics.

Badillo said: We must have the same kind of planes because of the infrastructure. It is categorically false that we threatened to buy Mirage planes.

He said the four Kfir planes will be probably delivered sometime in March or April after the scheduled meeting between the Peruvian Foreign Ministers Francisco Tudela and Ecuadoran Foreign Minister Carlos Leoro.

An Israeli Foreign Ministry spokesman told EFE that Israel will comply with the contract, but explained that the planes will be delivered at a time that will not undermine the Peruvian-Ecuadoran peace negotiations.

Col. Badillo said Leoro stated that the Kfir planes would be delivered after the pending issues between Peru and Ecuador regarding the common border that has no border markers has been resolved. In view of this we are probably talking about sometime in March or April.

Leoro and Tudela are scheduled to meet in Lima on 17 January to formally discuss a definitive solution to the Ecuadoran-Peruvian border dispute which led them to wage three wars in the last 50 years, the last of which was waged from 26 January to 28 February 1995.

Leoro 'Will Not Directly Discuss' Border Issue With Tudela

PY1301005996 Madrid EFE in Spanish 1843 GMT 12 Jan 96

[FBIS Translated Text] Quito, 12 Jan (EFE) — Ecuadoran Foreign Minister Galo Leoro Franco and Peruvian Foreign Minister Francisco Tudela will discuss in Lima next week how to start negotiations to solve the territorial problem, but will not directly discuss the border dispute.

In the procedures, they will determine how, when, and who will participate in the negotiations to solve the territorial problem that has caused the two nations to confront each other in three armed conflicts, the last of which took place between 26 January and 28 February 1995.

"What we will try to do is determine the procedure to fulfill point No. 6 (direct negotiations over the prevailing impasses)" of the Itamaraty (Brazilian Foreign Ministry headquarters) Declaration signed on 17 February and ratified on 1 March in Montevideo.

Leoro stated that "the key issues will not be discussed, nor the impasses mentioned in the Itamaraty Declaration. These (the subjects of next week's meeting) are procedures we should implement in order to discuss point No. 6 of the peace agreement."

Leoro flatly dismissed the possibility that Ecuadoran President Sixto Duran-Ballen and Peruvian President Alberto Fujimori will negotiate the territorial problem during the Andean Summit scheduled to be held in Lima in March.

Leoro added: "Presidents do not negotiate; the foreign ministries handle this job. However, nothing will prevent them from raising the issue during their meeting if they so desire."

Ecuador and Peru, which dispute a portion of territory that lacks border markers in their common Amazon border area, for the time being are implementing a peace agreement endorsed by Argentina, Brazil, Chile, and the United States, guarantor countries of the 1942 Rio de Janeiro Protocol that established the limits between the two Andean countries in conflict.

Leoro stated that the Quito government does not accept the validity of the Protocol because "it cannot be implemented," since it does not reflect the geographic reality in the common Amazon border area, according to the traditional Ecuadoran theory, but it has acknowledged that the protocol is in force.

The protocol "is in force; in other words, it exists. However, it cannot be implemented, and there are

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reasons that may lead to its annulment, but it exists," added Leoro.

Army Commander Expresses 'Concern' Over Peruvian Arms Race

PY1501164496 Madrid EFE in Spanish 1911 GMT 13 Jan 96

[FBIS Translated Text] Quito, 13 Jan (EFE) — Ecuadoran Army Commander General Paco Moncayo today expressed concern over the Peruvian acquisition of weapons now the governments of Quito and Lima are immersed in a peace process following the undeclared war waged last year.

Moncayo told "Radio Quito" that "Peru has reportedly purchased weapons worth $300 million just for the Peruvian Air Force. If one also considers the Navy and the Army (acquisitions), the figures are quite worrying."

Moncayo said Ecuador will not slip into an arms race, adding that "more efforts will be made through diplomatic channels to achieve a solution" to the territorial problem with Peru, which caused the most recent confrontations between 26 January and 28 February 1995.

The general said that "everything is calm and normal" on the border, which is being controlled by military officers from the guarantor countries of the Rio de Janeiro protocol — Argentina, Brazil, Chile, and the United States — which in 1942 established the border between Ecuador and Peru.

Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova today stated that diplomatic negotiations with the government of President Alberto Fujimori will not be interrupted, and he ruled out the possibility that Ecuador might have started an arms race due to the purchase of the "Kfir" planes from Israel.

Before leaving for Guatemala to participate in the presidential inauguration, the deputy foreign minister said the purchase of these planes "does not create a war threat," it is merely replacement material.

Duran-Ballen, Congress Head To Meet on 'Important' Issues

PY1001023296 Quito Voz de Los Andes in Spanish 2300 GMT 9 Jan 96

[FBIS Translated Text] This morning Congress President Fabian Alarcon met with President Sixto Duran-Ballen to discuss important national issues such as the strike staged by UNE [National Union of Teachers] members.

Alarcon said that during the meeting with the president they agreed on the great need to maintain a permanent dialogue between the executive and legislative branches.

[Begin recording] [Alarcon] During the meeting we reiterated the need to maintain a permanent dialogue between the state branches so that during the next seven months we can continue to work appropriately for the country's benefit, maintaining the stance each sector upholds and which we fully respect. He also voiced the need for the national Congress and the president of the Republic to hold a working meeting in the coming weeks, in order to discuss subjects of interest to the country, the situation of Ecuadoran teachers, the situation of the Ecuadoran agricultural sector, and basic laws such as the anti-corruption law. The president has readily accepted the proposal and we will hold this meeting late this week or early next week.

[Unidentified reporter] Under what conditions?

[Alarcon] No conditions. We are only trying to ensure that this country continues developing during the next seven months, to prevent the country from being on vacation for seven months, because this is not possible. [end recording]

Alarcon also announced that debate regarding the electricity draft bill will be resumed this afternoon. This bill enjoys consensus in Congress, and only some of its articles will be amended.

Former Police Chief Sentenced to 10 Months Imprisonment

PY1101230696 Madrid EFE in Spanish 1748 GMT 11 Jan 96

[FBIS Translated Text] Quito, 11 Jan (EFE) — It was learned today that the Ecuadoran National Police Court sentenced Guido Nunez, former commander general of the Ecuadoran Police, to two years imprisonment for abuse of authority, although the sentence was later reduced to 10 months.

National Police Court President Edison Garces said the sentence was cut to 10 months "because extenuating circumstances submitted by the accused were justified," although he did not mention the "extenuating circumstances" to which he referred.

Nunez was accused of having ordered the illegal arrest of several officers and of having forced others to carry out tasks below than those assigned to their ranks.

He was also sentenced for having offered "privileged assistance" to one of his sons to join the Superior Police School, as well as to obtain a place at the

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Chilean Carabineros School, without fulfilling the legal requirements.

It is not ruled out that Nunez, who must serve his sentence at the garrison of the Police Intervention and Rescue Group, might appeal to the police court.

Peru

U.S. Citizen Berenson Sentenced to Life Imprisonment

PY1101210196 Madrid EFE in Spanish 1852 GMT 11 Jan 96

[FBIS Translated Text] Lima, 11 Jan (EFE) — The Peruvian justice system today sentenced U.S. citizen Lori Berenson, 26, to life imprisonment for the crime of terrorism and for belonging to the Tupac Amaru Revolutionary Movement (MRTA).

Three other leaders of the MRTA, including Miguel Rincon Rincon, the "number two," received the same sentence, while Panamanian Pacifico Castrellon was sentenced to 30 years.

U.S. Request for New Trial Rejected

PY1301024696 Madrid EFE in Spanish 1837 GMT 12 Jan 96

[FBIS Translated Text] Lima, 12 Jan (EFE) — The Peruvian Government, the opposition, and distinguished jurists wholly rejected the U.S. request that U.S. terrorist Lori Berenson be accorded preferential treatment vis-a-vis her Peruvian fellow party members in a new trial.

Lori Berenson and three other top leaders of the armed group Tupac Amaru Revolutionary Movement (MRTA) were sentenced to life imprisonment on 4 January; those sentenced included the MRTA's second in command, Miguel Rincon Rincon.

Berenson bluntly avowed herself to be a card-carrying member of the MRTA on 8 January when she was presented to the press. This dashed to the ground her attorneys' alibi, according to which Berenson, 26, was recruited by the MRTA through force and trickery.

After learning about the life sentence given to Berenson, the U.S. State Department issued a communique on 4 January in which it requested that the U.S. citizen be tried again in a civilian court.

In the communique, the U.S. Government "deeply regretted" the fact that Berenson "had not been prosecuted in an open civilian court, in which she could have a right to a legal defense, pursuant to international legal regulations."

Peruvian laws, however, provide that crimes like aggravated terrorism or "high treason," as it is called in Peru, must be tried by military courts in summary and secret proceedings due to the seriousness of terrorist acts.

Javier Perez de Cuellar, former UN secretary general and leader of the leading opposition party, Unity for Peru (UPP), also rejected the request filed by the U.S. Government.

From the nursing home where he is to undergo gall bladder surgery, Perez de Cuellar told Radio Programas del Peru network that "it is not incumbent on the State Department to make any pronouncement because in this case Peruvian laws apply."

UPP jurist and congressman Jorge Avendano said that Berenson "committed a serious crime in Peru and, therefore, must stand trial according to Peruvian laws."

Avendano deemed that the U.S. Department of State's position was "honorable," but lamented the fact that the U.S. Government should have requested trial by a civilian court "only" for "Lori Berenson, when, in principle, it ought to have done so for all citizens throughout the world, be they Peruvians or Panamanians."

Avendano recalled that the Peruvian Constitution establishes that civilians — including foreigners who commit a crime in Peru — can only be tried by a military court for drug trafficking and terrorism.

The Peruvian press today contrasted the position of the U.S. Department of State with that of Panamanian President Ernesto Perez Balladares, who accepted the sentence of 30 years' imprisonment imposed on his fellow countryman Pacifico Castrellon.

Perez Balladares stated: "Nothing remains except for me to say that we accept the trial, which I understand strictly followed Peruvian laws. We cannot go beyond that because we cannot meddle in actions taken by Peruvian authorities."

The Panamanian president added: "Let us hope this will be a lesson for us, as Panamanians, and all citizens; namely, that subversive and violent activities are punished with that type of sentence."

The liberal paper EXPRESO said, in its main opinion column written by chief editor Manuel D'Ornellas, that "once again, officials from Washington pontificate with puritanical zeal about how Peruvians should handle their own domestic affairs."

The daily went on to say: "Now, then, Berenson was prosecuted by a military court because that is what current Peruvian legislation stipulates. One may agree or disagree about the fact that such a case should fall within military courts' jurisdiction, and in fact, there are many Peruvians who disagree with that. Still, that is our

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problem, and it is no concern of the U.S. Department of State."

Independent congressman Rafael Rey deemed that the U.S. Government "blundered badly" by "trying to assume the defense of a self-confessed terrorist."

"This is yet more inadmissible meddling in the internal affairs of our country and another clumsy attitude on the part of the U.S. Government," he added.

Grimaldo Achahui, Berenson's Peruvian attorney, who is suspected of having links with the MRTA, declared that he had filed an appeal with the military court of appeals to have her sentenced reduced.

Achahui added that if the military court of appeals confirms the sentence, he will appeal to the court of last resort; namely, the Supreme Court of Military Justice (CSJM).

Berenson's attorney further reported that by virtue of a penitentiary agreement signed by the U.S. and Peruvian Governments more than 10 years ago, he will request that his client serve her sentence in a U.S. penitentiary.

Fujimori Comments on Sentencing

PY1201234596 Madrid EFE in Spanish 2113 GMT 12 Jan 96

[FBIS Translated Text] Caracas, 12 Jan (EFE) — Peruvian President Alberto Fujimori stressed today that he does not give orders to or interfere with the courts of his country. This week the Peruvian courts sentenced U.S. citizen Lori Helena Berenson to life imprisonment for terrorism.

"The judicial branch is autonomous from the executive branch. The executive branch has nothing to do with it," Fujimori said in a news conference at the end of his 48-hour visit to Venezuela at the invitation of his Venezuelan colleague, Rafael Caldera.

Fujimori stressed that Berenson, whose sentence to life imprisonment was "deplored" by the U.S. Government, was linked with the Tupac Amaru Revolutionary Movement (MRTA) and that she herself acknowledged this to the media in Lima.

According to the head of state, the trial took place within the framework of Peru's current legislation, within the due process of the law, and with the defense that is provided by the law, which was efficient because there were no distinctions made between Peruvians and foreigners involved in crimes.

"I will make no pronouncement as to whether the life imprisonment sentence is appropriate or whether it could have been 20 to 25 years," Fujimori said, and he made it clear that Berenson was tried under emergency legislation that was promulgated expressly for that type of situation and in order to overcome terrorism.

The Peruvian head of state stressed that with this sentence Peru has made a notable contribution toward the security not only of the Latin American region but also toward the security of the continent as a whole because terrorism is an international problem and it has been condemned by UN resolutions.

He added that his country should be recognized for the merit of the fight against international terrorism without taking into account the sentence.

"The MRTA has carried out attacks in Peru that are similar to the attacks against the World Trade Center [name given in English] or the attack in Oklahoma, and it is probable that with the capture of this U.S. citizen, we have prevented similar actions in other places," Fujimori stressed.

Justice Minister Views Sentencing

PY1301030596 Lima America Television Network in Spanish 0100 GMT 13 Jan 96

[FBIS Translated Text] Justice Minister Carlos Eduardo Hermoza Moya said today that the life imprisonment sentence imposed on Lori Berenson is in accordance with Peruvian law in the case of terrorism, and that it is also appropriate to take into account the damage the MRTA [Tupac Amaru Revolutionary Movement] has caused to the country over the past 15 years. Hermoza Moya also said that trials of prisoners in the country's penal institutions will begin soon.

[Begin recording] [Unidentified reporter] Concerning the life imprisonment sentence given to Lori Berenson, it is said that the Peruvian justice system has not been impartial. What is your answer to this, Minister?

[Hermoza Moya] This has been a trial conducted in accordance with Peruvian laws; therefore, the opinions against it, although respectable, are not in line with our reality, nor are they compatible with the very serious damage caused to the country over the past 15 years.

[Reporter] Will Lori Berenson be transferred to the United States?

[Hermoza Moya] I do not know. That is no longer under my jurisdiction.

[Reporter] But is it possible that she will be transferred to the United States?

[Hermoza Moya] We have to study the treaties existing between the two countries thoroughly.

[Reporter] When will the trial of prisoners in the prisons begin?

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[Hermoza Moya] They will begin immediately, and as soon as my office is ready to begin this process, the questionings will be carried out immediately. I am sure that with the resolute cooperation of the judicial branch, with the desire for service of the superior court and supreme court justices, we will be able to solve this problem at the national level very soon. [end recording]

Berenson Refuses Possibility of Serving Sentence in U.S.

PY1501202396 Madrid EFE in Spanish 1658 GMT 14 Jan 96

[FBIS Translated Excerpt] Lima, 14 Jan (EFE) — Several Peruvian dailies reported today that U.S. terrorist Lori Helen Berenson refuses to serve her life sentence imposed by a Peruvian military court last week.

LA REPUBLICA said that Berenson categorically rejected the proposal "in solidarity" with the other members of the Tupac Amaru Revolutionary Movement (MRTA), who were arrested with her on 30 November of last year.

LA REPUBLICA said: "Lori rejected before her lawyers the possibility of serving her sentence in the United States because of her solidarity with the other gang members."

Berenson and 22 other MRTA members were captured in Lima when they were planning to take over Congress and to take congressmen hostage to exchange them for MRTA leaders who are serving sentences. [passage on background material omitted]

Peruvian Envoy Says Kfirs Not To Be Delivered This Month

PY1101181296 Lima Radio Programas del Peru Network in Spanish 1700 GMT 11 Jan 96

[FBIS Translated Text] Peruvian Ambassador to Israel Jaime Stiglich asserted today that the four Kfir fighters will not be delivered to Ecuador this month.

Stiglich added that the sale was not canceled by the government of Shim'on Peres because there is an official contract between the Israeli aeronautics industry and Ecuador. He said that the delivery of the airplanes was postponed because of the protest expressed by Peru and in face of the expectation created by the upcoming meeting of the Peruvian and Ecuadoran foreign ministers in Lima.

Fujimori: Plane Purchase 'Must Not Interrupt' Peace Process

PY1301000096 Madrid EFE in Spanish 2034 GMT 12 Jan 96

[FBIS Translated Text] Caracas, 12 Jan (EFE) — Peruvian President Alberto Fujimori today said that the sale to Ecuador of four Israeli Kfir fighter bombers must not interrupt the peace process with that country, although he said that the ideal thing would be to not run any risks.

Fujimori said that Ecuador, in its capacity as a sovereign country, may acquire as many weapons as it may deem convenient, although the ideal thing would be for the two countries to not risk the peace attained after the armed conflict in early 1995 in which they confronted each other in a territorial dispute in the Condor mountains.

At the end of his official visit to Venezuela, Fujimori said: "We will continue implementing the Itamaraty Peace Declaration with more emphasis. Ecuador's purchase of aircraft should not mean the terms of the declaration are being ignored."

He added: "Quite the contrary; there are more reasons to continue making progress so that peace may be real and so that we may not talk about integration while having tanks and aircraft on either side of the border."

He said that with the implementation of the Itamaraty Declaration, signed in February 1995, the countries should not risk starting an arms race, and added that Peru will continue to uphold peace and, above all, earmark most resources to fighting poverty and strengthening its economy.

He also recalled that Ecuador and Peru share a Peace, Friendship, and Limits Agreement, known as the 1941 [as received] Rio de Janeiro Protocol. The Itamaraty Declaration was signed within the framework of this agreement.

Fujimori acknowledged that the two countries are willing to implement the latest agreements, although he admitted that the process is "difficult."

He confirmed the meeting of the Peruvian and Ecuadoran foreign ministers on 17-18 January in Lima and on 10 February in Quito, as well as Ecuadoran President Sixto Duran-Ballen's upcoming visit to Lima and his own visit to Quito.

The Peruvian president reiterated that Peru seeks peace because it befits integration and that he, personally, believes the content of the Itamaraty Peace Declaration will be entirely fulfilled.

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Minister Malca Resigned Over 'Controversial' Arms Purchase

PY0901184496 Madrid EFE in Spanish 1728 GMT 9 Jan 96

[FBIS Translated Text] Lima, 9 Jan (EFE) — The unexpected resignation of Defense Minister Victor Malca, which was apparently caused by a controversial weapons deal, unleashed the first crisis in the second administration of President Alberto Fujimori.

Malca, who was considered the "corner stone" in relations between Fujimori and the military leadership, submitted his irrevocable resignation on 8 January after four years in the government, first as interior minister and later as defense minister.

Prime Minister Dante Cordova said Malca's resignation — and that of Justice Minister Fernando Vega and Transportation Minister Juan Castilla — follow "structural changes."

The Peruvian press said today, however, that the only scheduled changes were those of Vega and Castilla, and that they were changed with Malca to give the impression of a routine move and to play down Malca's resignation.

LA REPUBLICA said Malca resigned because "high-ranking FAP (Peruvian Air Force) officers became annoyed when he insisted on the purchase of air materiel from Byelarus."

The same daily reported on 7 January that the materiel Malca wants to buy is obsolete, which made the FAP officers "really annoyed."

EXPRESO reported today that this apparently led to the recent resignation of the FAP Chief General Enrique Astete Baca, who was replaced by General Waldo Richter.

EXPRESO also said that Gen. Richter supported the purchase plan and that his support will also probably lead to his separation from his post soon.

EXPRESO added: "What seems certain is the tense situation in the military leadership was combined with the expected cabinet reshuffle which, according to press reports, had to take place before 15 January."

EXPRESO says Malca's replacement as defense minister will probably be troublesome because "we may be facing a struggle of interests and/or technical proposals involving not only high-ranking officers but also arms producers and private suppliers of military materiel."

Prime Minister Cordova said the three new ministers to replace Malca, Castilla, and Vega will be appointed "in the next few hours" by President Fujimori.

The Press Secretariat of Government House released a communique saying that the three ministers decided to leave their ministries for "strictly personal" reasons. The communique praised the job done by the outgoing ministers.

Regarding Malca, the communique says "he is a close aide of President Fujimori" and that for this reason he will soon "hold a high position" in the government.

President Fujimori Installs Two New Ministers

PY1001024996 Lima America Television Network in Spanish 0100 GMT 10 Jan 96

[FBIS Translated Excerpt] President Alberto Fujimori this afternoon installed two new members of his ministerial cabinet. They are Army General Tomas Castillo Meza, who will be the new defense minister, and Dr. Carlos Hermoza Moya, who will be the new justice minister.

The ceremony was held at the Golden Hall of Government Palace. So far, the name of the new transport and communications minister has not been released.

The first to be sworn in was the new defense minister, General Tomas Castillo Meza, who until yesterday had been chief of staff of the Armed Forces Joint Command. [recorded passage omitted]

President Fujimori then installed Carlos Hermoza Moya, who a few weeks ago had been the unsuccessful candidate for ombudsman. Today he is the new justice minister, replacing Fernando Vega Santa Gadea. [recorded passage omitted]

Against all predictions, no one has been sworn in as the new transport and communications minister; thus, Juan Castilla Meza will have to continue working in his ministry, pending the designation of his successor, probably until the return of President Fujimori from his trip to Venezuela.

Moreover, outgoing Defense Minister General Malca Villanueva has denied that his resignation is linked to the purchase of a package of weapons from Byelarus to replace materiel lost during the war with Ecuador. General Malca left the ministry to the applause of the ministry personnel. [passage omitted]

Fujimori Installs New Transportation Minister

PY1601023296 Lima America Television Network in Spanish 0100 GMT 16 Jan 96

[FBIS Translated Excerpt] Manuel Vara Ochoa was installed today as the new minister of transportation, communications, housing, and construction in a ceremony

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held at Government House. Vara Ochoa replaces Juan Castilla Meza. [passage omitted]

This is the third time Vara Ochoa has been sworn in as minister. He held the position of presidential minister twice, that is from October 1992 to February 1994, and from June 1995 to November 1995. Vara Ochoa, who is 66 years of age, returns to the cabinet. He will put into operation the rural roads plan, among other important projects.

Waldo Richter Installed as New Air Force Commander

PY1001181296 Lima EL COMERCIO in Spanish 3 Jan 96 p A6

[FBIS Translated Excerpt] General Waldo Richter Cruz was installed on 2 January as the commander of the Peruvian Air Force during a ceremony at the parade ground of Las Palmas base in Surco District. He replaces General Enrique Astete Baca.

The FAP Information Directorate reported that Defense Minister General Victor Malca Villanueva presided over the ceremony. [passage omitted]

Former Commander Appointed Drug Chief in Washington

PY1501211596 Madrid EFE in Spanish 1943 GMT 12 Jan 96

[FBIS Translated Text] Lima 12, Jan (EFE) — A government official reported today that retired General Enrique Astete Baca was appointed chief of the Peruvian office in charge of coordinating drug enforcement in Washington.

Astete Baca, who was chief of the FAP [Peruvian Air Force] for three years until December 1995, replaces retired General Arnaldo Velarde Ramirez, also a former commander of the FAP, who is considered to be President Alberto Fujimori's right-hand man.

The chief of the drug enforcement office in Washington, who is considered the antidrug "czar" of the Peruvian Government, has the mission of coordinating with his U.S. counterpart Lee Brown the implementation of the strategy designed for drug enforcement.

Astete's appointment, which is a position of trust within the administration, wiped out the rumors that he left the FAP command over an alleged disagreement with President Fujimori.

Admiral Ibarcena Installed as New Navy Commander

PY1001162396 Lima EL COMERCIO in Spanish 3 Jan 96 p A6

[FBIS Translated Excerpt] Admiral Antonio Ibarcena Amico, the new Navy commander, was installed during a strictly military ceremony held on 2 January at the Navy School. He replaces Admiral Alfredo Arnaiz Ambrossiani.

Ibarcena has fulfilled duties in various Navy units such as the BAP [Peruvian Navy Ship] Bolognesi, the BAP Galvez, the BAP Callao, and the BAP Castilla.

He has held posts as Housing Ministry executive secretary, at the Naval Operations Command, the Navy General Staff, and at the Armed Forces Joint Command.

He has also held the post of Naval Intelligence Information national director, Naval Intelligence deputy director, and Naval Intelligence director. [passage omitted]

Venezuela

Minister on Recent Border 'Impasse' With Colombia

PA1401234696 Caracas EL NACIONAL in Spanish 9 Jan 96 p A-2

[Report by Gioconda Soto]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas yesterday publicly asked that the incidents occurring with Colombia not be blown out of proportion. He said "we are not going to make a mountain out of a molehill" and predicted incidents along the 2,200 km common border will continue to occur in 1996.

Thus, Burelli referred to the most recent border "impasse" with its neighbor that began with a Venezuelan National Guard raid into Colombian territory on 28 December.

Burrelli said this year will be like last year regarding relations with Colombia because of the "hideouts" of guerrilla groups and drug dealers found along the border. Burelli asked for "calm" to prevent "the heat resulting from these incidents from going to our heads."

These incidents "should not be blown out of proportion, because it frequently happens in these areas where the boundary markers are often hidden by mounds or simply disappear that a country's patrol that is pursuing smugglers or guerrilla groups will cross over to the other side of the border a few meters," Burelli said.

The foreign minister said, however, "we have to determine whether it is true that the patrol crossed over

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further or was in Colombian territory." For this reason, Venezuela and Colombia are carrying out an investigation into the incident in Tibu Municipality, Norte De Santander Department.

Burelli admitted during a news conference that he sent a written apology to the Colombian Government for the accidental incursion into Colombian territory in December. "We have sent a note to the Colombian Government to explain that the necessary disciplinary measures will be taken against the commander of the patrol for not being aware of the patrol possibly crossing over the border, as stated by our defense minister from the start," Burelli said.

Burelli said the request for an explanation by Colombia has been satisfied with this exchange. Colombia has been told the National Guard "immediately left the site when the Colombian forces made it known they were possibly in Colombian territory."

Burelli refused to comment about the presumed release of 19 alleged Colombian guerrilla members whom the Venezuelan Armed Forces captured on 30 December.

Burelli said a binational meeting of the border commissions of the countries will be held on 23 February in Bucaramanga in which Burelli and his counterpart, Rodrigo Pardo, Defense Ministers Moises Orozco Graterol and Juan Carlos Esguerra, and the governors of the border areas for the two parties will participate.

Minister Discusses Border Development, Security

PA0901215296 Caracas EL GLOBO in Spanish 5 Jan 96 p 7

[Report on interview with Venezuelan Border Affairs Minister Pompeyo Marquez by Euro Fuenmayor in Caracas; date not given]

[FBIS Translated Text] "There is currently special attention directed at those areas. Only an irrational person would think that these secular problems, amid the economic and social situation that we are confronting, can be overcome in a year and a half of hard and dedicated work," Border Affairs Minister Pompeyo Marquez said.

He noted that Venezuelans are currently aware of those difficulties. "Thus, we identified priorities in five main areas: security, economic, social and economic development, health education, and highways at border areas."

There are programs for each one of these areas, he added. To launch them, the minister said, various ministries, official institutions, and the Fides [Intergovernmental Fund for Decentralization] provide funds that are related to international development cooperation programs.

Among these programs, the minister underscored one that President Caldera described as the great challenge of the latter part of this century and early part of the next one: development of the southern area, that is, of the States of Apure, Amazonas, Bolivar, and Delta Amacuro.

"This will give continuity to the development project for the country's southern area that Dr. Caldera tried to promote during his first administration and that should have never been suspended," he added.

In this great effort Marquez pointed out the role that the Venezuelan Guayana Corporation [CVG] should play.

He thinks that the CVG should play a decisive role in developing the southern area through investments, small and medium scale industries, micro businesses, farming activities, ports, and airports.

Financial resources aside, the CVG, Marquez added, has the necessary tools, including a team of professionals and technicians who are currently underutilized and who could display their capabilities in the efforts to develop the southern area.

"The border issues with Colombia, Brazil, and Guyana, based on the Essequibo conflict, have been brought to the forefront; in the past people rarely talked about our extensive maritime borders, which house invaluable marine and submarine treasures," Minister Marquez stated.

Ethnic Groups and Borders

Another issue that started to be valued pertains to the ethnic groups; the meaning of these Indian communities and their possible development and integration to duties of production and security.

"These communities have demonstrated for centuries and millenniums what sustainable development is by living in their lands while making a living for such a long time without deteriorating the environment," Marquez noted.

He claimed to have coined the phrase: "To talk about our borders is to talk about ethnic groups and to talk about ethnic groups is to talk about our borders."

In fact, nearly all of these communities live at border areas and this reality has not received the importance it deserves.

Marquez said, and he pointed out that he will not cease to repeat this, that a border policy must rest on three great foundations. The first one is security, and in this

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regard, the Armed Forces and state security bodies have a specific mission.

He recalled the constant threats and aggressions by rebel [adversos] groups in Colombia that have been on the watch for many years.

He cited an example of which the Venezuelan community is well aware because it is irritating: At the Colombian border there is an uncalled for state of insecurity that stems mainly from a lack of surveillance and the inaction of the neighboring country's authorities.

"Extortion, rustling, kidnappings, attacks, introduction of drugs, and homicidal and bloody attacks on Venezuelan military posts affect our country and originate in Colombian territory," Marquez added.

At that border, from Castilletes to Piedra del Cucuy, he noted, one can notice the presence of guerrilla and drug traffickers, illegal crop growers, and hordes of common criminals.

"The presence of these disturbing factors has forced us to be on a permanent state of alert to defend our sovereignty, territorial integrity, and cultural identity," the minister pointed out.

Apure, Model Border Department

The government named Apure "model border department" in 1995. A medium-term plan has been set up to transform Apure into an essential department for food production, in accordance with the economic interests of the Andean Group.

The Andean Group outlined a ground communications system by means of a highway ("Marginal de la Selva"), which begins in Quito and ends before El Nula, east of Apure.

"We are carrying out a cadastral survey and census, as well as developing population hubs in El Nula, El Amparo, La Victoria, Cutufi, El Pinal and Ciudad Sucre. All our efforts are aimed at solving the security, transportation, economic, education, and health problems in the region," Marquez said.

Marquez added that Amazonas has also been declared a model border department after the precedent in Apure. A similar plan will be implemented in the region. "The goal is to develop the edge of the southern region — San Fernando de Atabapo, San Carlos del Rio Negro, Santa Lucia, and San Simon del Cocuy — and to connect the Amazonas Department with Manaos. This is another door opened to Brazil and Mercosur.

Marquez noted there is another program to develop the southern region of Bolivar, in the Tumeremo, Santa Elena de Guairen hub and other areas.

The plan is aimed at developing Santa Elena de Guairen into a city. Therefore, the governor's and mayor's offices will play an important role.

Brazilian Gold Seekers and Guyanese

With regard to environmental and social issues, Marquez said that thanks to cooperation between the Venezuelan and Brazilian armies and also thanks to the excellent relations between Governor Neuro Campos from Roraima, Boa Vista capital and the Venezuelan border departments, and with Venezuela in general, the number of Brazilian gold seekers has decreased in the region.

Marquez added that the flow of thousands of Guyanese to Bolivar Department is an unfair abuse of the special treatment they have received for a long time. He noted that a census of illegal Guyanese present in the country has been carried out, and the corresponding authorities are taking care of the matter.

Marquez recalled that during Leoni's administration, our government supported Guyanese efforts toward annexation with Venezuela. "At the time, there were Guyanese who supported Venezuela and voted during elections."

A blueprint of the city's urban development, with service centers, avenues, bus stations and an international airport has been drafted.

The Tourism Corporation of Venezuela (Corpoturismo) will build tourist centers in the northern and eastern parts of Brazil and in regions like Margarita, and the Sucre and Anzoategui's beaches.

"Corpoturismo President Soriano estimates that more than 80,000 Brazilians visited the region in 1995."

Agriculture and Livestock Minister Raul Alegrett promised to take care of the transportation of products in the Gran Sabana municipality in order to benefit the Indian community.

A commission from Prodessur [expansion unknown], headed by IAN [National Agrarian Institute] President Ramon Ramirez and Admirals Diaz Tarazon and Velasco Collazo, is carrying out a study on the land ownership issue, especially with regard to the Indian community and Santa Elena de Guairen.

What will happen to the delta?

"A plan to develop the delta has been outlined with participation from the Venezuelan Guyana Corporation. This plan aims at developing the potential wealth it offers."

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